

# CITY OF PHILADELPHIA DEPARTMENT OF REVENUE

## **Business Income and Receipts Tax – Green Roof Tax Credit**

- Bill No. 070072 passed by City Council on March 29, 2007 and signed by the Mayor on April 12, 2007.
- The credit is available for **Tax Year 2007 and thereafter**.

### A) **Definitions**

1. **Green Roof.** A treatment to a roof that supports living vegetation and includes a synthetic, high quality waterproof membrane, drainage layer, root barrier, soil layer and vegetative layer.

B) **Application.** A business seeking a Green Roof Tax Credit must file an application with the Department of Revenue that includes the following:

1. The address location of the proposed Green Roof.
2. The total square footage of the rooftop.
3. The total square footage of the proposed Green Roof.
4. The total projected costs to construct the Green Roof.
5. Proof that the applicant has received all required permits and approvals to construct the Green Roof, after first submitting to the Department of Licenses and Inspections (“L&I”) the plans for the Green Roof and a written analysis conducted by a roof engineer that confirms and certifies the following:
  - (a) The condition of the roof is satisfactory for Green Roof construction;
  - (b) The structural capacity of the roof would support the proposed Green Roof;
  - (c) There is appropriate and safe access to the roof for maintenance purposes;
  - (d) The weight of the proposed Green Roof is appropriate for the roof and;
  - (e) The plans include appropriate irrigation and drainage measures.

C) **Commitment Agreement.** The Revenue Department will approve the application if it contains all the required information. After approval, the applicant must execute a commitment agreement with the Revenue Department setting forth the following:

1. The plans for the Green Roof, as approved by L&I, which plans must provide for a Green Roof covering at least sixty percent (60%) of the building’s rooftop.
2. The total projected costs for the construction of the Green Roof.
3. The maximum Green Roof Tax Credit the applicant may claim.
4. The applicant’s commitment to maintain the Green Roof for a period of five (5) years after the date of its completion and the applicant’s acknowledgement that it is bound by the provisions of Philadelphia Code § 19-2604 (8)(e) to repay any tax credits taken for failure to abide by terms of the commitment agreement.

D) **Certification / Credit**. After the applicant and the Revenue Department have executed a commitment agreement and upon certifying to the Revenue Department the total costs actually incurred and that it has completed the Green Roof in accordance with the plans set forth in the commitment agreement, the applicant may claim **a credit against the Business Privilege Tax of fifty percent (50%) of all costs actually incurred to construct the Green Roof, provided that the total credit shall not exceed \$100,000.**

1. The tax credit shall be applied against the applicant's total Business Income and Receipts Tax liability for the Tax Year during which the applicant certifies the completion of the Green Roof.
2. Any unused credits may be carried forward until fully used.
3. The credit is not a refundable credit.
4. The credit cannot be transferred to any other entity.
5. A business may receive only one (1) Green Roof Tax Credit per building, but may receive a credit for each building it owns. Each building will require the applicant to make a separate application, execute a separate commitment agreement and make a separate certification.
6. A business seeking the credit for multiple buildings is limited per building to 50% of the actual costs incurred to complete the Green Roof for a given building, subject to the \$100,000 maximum credit per building.

E) **Repayment of Tax Credits**. A business that has received and taken the credit must repay the credit to the City if it fails to maintain the Green Roof in accordance with the provisions of the commitment agreement. In addition, interest and penalty will be due (in accordance with the applicable provisions of the Philadelphia Code) on the disallowed credit calculated from the original due date of the return for which it was previously taken. The Revenue Department may waive such repayment if it determines the failure to maintain the Green Roof was because a natural disaster or other act of God, an act of terrorism, or similar circumstances beyond the control of the business.

F) **Audit Verification**. The Revenue Department reserves the right to verify through inquiries, inspections or by audit the information contained on any application, commitment agreement or certification statement to ensure compliance with the provisions of this regulation. This would include (but is not limited to) the propriety and amounts included in the total costs to complete the Green Roof as certified by the business.

G) **Code and Regulation Compliance**. The business must be in compliance with all Philadelphia tax ordinances, regulations and published policies in order to take this credit.