



CITY OF PHILADELPHIA

JAMES F. KENNEY
Mayor

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April 14, 2016

The Honorable Darrell Clarke
City Council President
City Hall, Room 490
Philadelphia, PA 19107

Dear Council President Clarke:

This letter is in response to questions raised at the April 29, 2016 hearing before the Committee of the Whole on the Fiscal Year 2017 proposed Operating budget and FY17-FY21 Five Year Financial and Strategic Plan. At this hearing, Councilwoman Quinones-Sanchez asked the following question:

The city is trying to get businesses such as restaurants to provide their workers with sick leave and a living wage. What would the impact of the sugary drink tax be on these businesses' compliance rates with sick leave and living wage?

The administration's response is that a tax requirement is not a legally permissible excuse for any business to avoid compliance with City regulations. Secondly, the tax would be levied on distributors –restaurants rarely fall into this class.

Additionally, the administration's continued commitment to the reduction of wage and business taxes, including for the first time this year an exemption on the \$100,000 of receipts for BIRT, will assist our business owners in better supporting their workers. The Commerce Department also assists small businesses through a number of services, including one-on-one counseling, tax credits for job creation, and rebates on storefront improvements and cameras.

Studies also show that in comparison to other taxes that could be raised to provide these essential educational and neighborhood investments, including U&O and property taxes, the soda tax would be much less of a financial burden on small businesses and restaurants.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard Lazer", written over a white background.

Richard Lazer
Deputy Mayor for Labor