

COUNCIL OF THE CITY OF PHILADELPHIA
COMMITTEE OF THE WHOLE

Room 400, City Hall
Philadelphia, Pennsylvania
Wednesday, May 14, 2014
1:00 p.m.

PRESENT:

COUNCILMAN WILLIAM K. GREENLEE, CHAIR
COUNCILWOMAN CINDY BASS
COUNCILMAN W. WILSON GOODE, JR.
COUNCILMAN BOBBY HENON
COUNCILMAN BRIAN J. O'NEILL

BILLS 130489, 130724, 140140, 140144, 140145,
140146, and 140148
RESOLUTION 140159

MICHAEL A. DECKER, CHIEF CLERK

- - -

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COUNCILMAN GREENLEE: Good

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afternoon, everyone. We're going to get

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started at least with the preliminaries

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here.

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This is the public hearing of

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the Committee of the Whole regarding Bill

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Nos. 130489, 130724, 140140, 140144,

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140145, 140146, 140147, 140148, and

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Resolution 140159.

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Please note that Bill No.

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130489, the non-utilization tax bill, is

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being held to the call of the Chair.

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I would ask Mr. Decker to

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please read the titles of the bills and

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the resolution.

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CHIEF CLERK: Bill No. 130724,

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entitled "An ordinance amending Chapter

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19-1300 of The Philadelphia Code,

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entitled 'Real Estate Taxes,' by

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authorizing the School Reform Commission

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to determine whether certain tax

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exemptions from the School District of

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Philadelphia real estate taxes shall

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continue; and by making technical

1 5/14/14 - WHOLE - BILL 130724, etc.

2 corrections"; and

3 Bill No. 140140, entitled "An
4 ordinance amending Chapter 19-1500 of The
5 Philadelphia Code, entitled 'Wage and Net
6 Profits Tax,' by decreasing the rate or
7 rates of the tax imposed by certain low
8 income persons, providing for refunds of
9 excess taxes paid, directing the Revenue
10 Department to develop procedures and
11 forms whereby eligible taxpayers can
12 obtain such refunds, and requiring
13 employers to provide refund forms to
14 employees"; and

15 Bill No. 140144, entitled "An
16 ordinance to adopt a Capital Program for
17 the six Fiscal Years 2015 through 2020
18 inclusive"; and

19 Bill No. 140145, entitled "An
20 ordinance to adopt a Fiscal 2015 Capital
21 Budget"; and

22 Bill No. 140146, entitled "An
23 ordinance adopting the Operating Budget
24 for Fiscal Year 2015"; and

25 Bill No. 140147, entitled "An

1 5/14/14 - WHOLE - BILL 130724, etc.
2 ordinance amending Section 19-1806 of The
3 Philadelphia Code, entitled
4 'Authorization of Realty Use and
5 Occupancy Tax,' to further authorize the
6 Board of Education of the School District
7 of Philadelphia to impose a tax on the
8 use or occupancy of real estate within
9 the School District of Philadelphia"; and
10 Bill No. 140148, entitled "An
11 ordinance amending Section 19-1801 of The
12 Philadelphia Code, entitled
13 'Authorization of Tax,' to further
14 authorize the Board of Education of the
15 School District of Philadelphia to impose
16 a tax on real estate within the City of
17 Philadelphia"; and
18 Resolution No. 140159, entitled
19 "A resolution providing for the approval
20 by the Council of the City of
21 Philadelphia of a Revised Five Year
22 Financial Plan for the City of
23 Philadelphia covering Fiscal Years 2015
24 through 2019, and incorporating proposed
25 changes with respect to Fiscal Year 2014,

1 5/14/14 - WHOLE - BILL 130724, etc.
2 which is to be submitted by the Mayor to
3 the Pennsylvania Intergovernmental
4 Cooperation Authority pursuant to the
5 Intergovernmental Cooperation Agreement,
6 authorized by an Ordinance of this
7 Council approved by the Mayor on January
8 3, 1992 (Bill No. 1563-A), by and between
9 the City and the Authority."

10 COUNCILMAN GREENLEE: Thank
11 you, Mr. Decker.

12 Today we are continuing the
13 public hearing of the Committee of the
14 Whole to consider various bills read by
15 Mr. Decker that constitutes proposed
16 operating and capital spending measures
17 for Fiscal Year 2015, a Capital Program,
18 and a forward-looking Capital Plan for
19 Fiscal Year 2015 through Fiscal Year
20 2020.

21 Today we will hear testimony
22 from City departments regarding revenue
23 measures.

24 Good afternoon, Commissioner.
25 You're back again.

1 5/14/14 - WHOLE - BILL 130724, etc.

2 COMMISSIONER TOLSON: Good
3 afternoon, sir. How are you?

4 COUNCILMAN GREENLEE: If you'd
5 like to proceed, I think Mr. Dubow, I
6 guess, is coming too?

7 COMMISSIONER TOLSON: Yes, sir.

8 COUNCILMAN GREENLEE: But you
9 can proceed with -- I guess it would make
10 sense to read your testimony on all the
11 bills and then we'll have questions on
12 whatever. Okay?

13 COMMISSIONER TOLSON: Okay.
14 I'll read the testimony with regard to
15 Bill 140148 and 140147.

16 COUNCILMAN GREENLEE: Okay.

17 COMMISSIONER TOLSON: Good
18 morning, Council Chair and members of
19 this Committee. My name is Clarena
20 Tolson. I'm the Revenue Commissioner.
21 I'm here to testify in support of Bill
22 No. 140148, which extends the
23 authorization of the School District to
24 impose a real estate tax in Fiscal 2015.

25 This bill would continue the

1 5/14/14 - WHOLE - BILL 130724, etc.
2 combined City and school's tax rate of
3 1.34 percent. Fifty-five percent of the
4 funds raised through the property tax go
5 to the School District. The City's Five
6 Year Plan anticipates that the ratio will
7 remain in place over the life of the
8 Plan.

9 I am also here to testify in
10 support of Bill No. 140147, which extends
11 the authorization for the School District
12 to impose the use and occupancy tax in
13 Fiscal Year 2015.

14 The business use and occupancy
15 tax is a tax on the business, trade or
16 other commercial use and occupancy of
17 real estate located in Philadelphia. The
18 tax is collected and the returns are
19 filed by the owner of the property.

20 The estimated current use and
21 occupancy tax is projected to be \$138.3
22 million in Fiscal '15, all of which is
23 allocated to the School District of
24 Philadelphia. In Fiscal 2015, the tax
25 rate will remain 1.13 percent. For the

1 5/14/14 - WHOLE - BILL 130724, etc.
2 tax year that began July 1st, 2013 and
3 thereafter, there is a 177,000 exemption
4 amount from the assessed value of each
5 property actually used for the purposes
6 of doing business. This translates into
7 a 2,000 annual tax exemption.

8 Both bills are essential for
9 generating the funds we need to support
10 our schools. We thank you for the
11 opportunity to testify today, and I'd be
12 happy to answer any questions that the
13 Committee may have.

14 COUNCILMAN GREENLEE: Thank
15 you.

16 On these two bills, are there
17 questions from the Committee?

18 (No response.)

19 COUNCILMAN GREENLEE: Seeing
20 none, Commissioner, I think you want to
21 testify on one other bill; is that
22 correct?

23 COMMISSIONER TOLSON: Yes, sir.

24 COUNCILMAN GREENLEE: Please.

25 COMMISSIONER TOLSON: Bill No.

1 5/14/14 - WHOLE - BILL 130724, etc.
2 140140. Good afternoon again. Again, my
3 name is Clarena Tolson, Revenue
4 Commissioner. I'm here to testify on
5 Bill No. 140140. This bill would offer
6 refunds to the low-income Philadelphia
7 residents and non-residents that are
8 eligible for the Pennsylvania Special Tax
9 Forgiveness program. The amount of the
10 relief would be 0.5 percent of wages
11 subject to the Philadelphia wage and net
12 profits tax.

13 The Administration shares the
14 desire to put more money into the pockets
15 of low-income Philadelphians and has
16 evaluated the ability of this proposal to
17 achieve that goal efficiently and
18 effectively.

19 We estimate that 100,000
20 Philadelphia resident filers and 60,000
21 non-resident filers would be eligible to
22 participate in this program. At 70
23 percent participation by eligible
24 taxpayers and a refund level of 0.5
25 percent of income subject to the wage and

1 5/14/14 - WHOLE - BILL 130724, etc.
2 net profits tax, the program would refund
3 \$5.5 million to Philadelphia residents
4 and \$3.8 million for non-residents from
5 the wage tax. An additional 114,000
6 would be eligible for refund from the net
7 profits tax. That's \$114,000. The
8 average refund amount to a participant in
9 this program would be about \$81.

10 This proposal requires a
11 significant expenditure from the General
12 Fund and a large administrative effort to
13 provide a relatively modest increase to
14 the amount of money in the pockets of
15 low-income Philadelphians. To
16 successfully administer this program
17 would require \$2.3 million annually to
18 support operations. The total annual
19 cost of the program would be \$11.7
20 million, with less than 50 percent of
21 those funds reaching low-income
22 Philadelphians. Given this, the
23 Administration will work with Council to
24 identify an alternative successful
25 approach to addressing economic needs in

1 5/14/14 - WHOLE - BILL 130724, etc.
2 our community, one that will efficiently
3 and effectively put more money into the
4 wallets of low-income Philadelphians.

5 We thank you for the
6 opportunity to cooperate with you today
7 and offer this testimony. I'm happy to
8 answer any questions that you may have.

9 COUNCILMAN GREENLEE: Thank
10 you, Commissioner. I actually do have
11 some questions on this one.

12 I guess the first one is, could
13 you provide some more detail on how you
14 came up with some of these figures as far
15 as the average refund would be, you say,
16 \$81, the program required 2.3 million
17 annually to support operations, that kind
18 of thing. A little bit more breakdown,
19 because some of us question those
20 figures.

21 COMMISSIONER TOLSON: Surely.

22 COUNCILMAN GREENLEE: And I
23 don't mean now, but if you could forward
24 that, like the sort of computation, if
25 you will, of how you're coming up with

1 5/14/14 - WHOLE - BILL 130724, etc.
2 all this, because we'd like to see that.
3 I think that's important, because I have
4 to tell you, the whole idea behind
5 this -- and Councilman Goode was a
6 co-sponsor, as I was with the Council
7 President -- as you remember last year,
8 we did away with the low-income tax cut
9 that was normally called the "Cohen tax
10 cut." As you can imagine, some of us,
11 including me, took a little grief over
12 that one, but the argument was made it
13 was going to -- it was taking too big a
14 hit out of the budget. It just was going
15 to cost too much. So we came up with a
16 plan, and the one thing I definitely will
17 agree with you, it's a relatively modest
18 proposal, but that was the whole idea, to
19 at least help low-income people somewhat.
20 In the perfect world, we'd like to be
21 able to help them the way the previous
22 bill did, but we listened to the argument
23 that it was taking too big of a bite out
24 of the budget. Some people disagree with
25 that, but okay. But now we got something

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2 that's, as you call it and we agree,
3 relatively modest, and that's not good
4 either. And I guess I'm a little
5 confused and I guess maybe -- and I don't
6 know if you or Mr. Dubow or somebody
7 could explain this a little bit more to
8 me. One is too much, one is too little,
9 and you say you're going to have a plan.
10 And I'm not saying this just to you, but
11 you had a whole year to have a plan. At
12 least we got a plan. And you've heard
13 Councilman Jones and others talk about a
14 plan for poor people, a poverty plan,
15 that kind of thing, and this is, again, a
16 relatively modest -- I'm going to keep
17 using that -- part of that plan, but it
18 just seems to me that rather than just
19 saying you don't want this or don't want
20 that, isn't it fair to ask that you offer
21 something specifically?

22 So that's a long question, but
23 I don't know if you have any comment or
24 anybody else in the Administration would,
25 but it's a little frustrating.

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2 COMMISSIONER TOLSON: And I
3 appreciate that, Councilman. I think
4 it's certainly fair commentary that you
5 would expect for the Revenue Department
6 to do all that it can to align with the
7 goals that Council is trying to project
8 here, and I think that's what we are
9 saying that we are certainly supportive
10 of. And in very short order, I think
11 that we'll be able to present some things
12 to Council that offer some alternatives
13 you might find to be viable, and in
14 immediate terms, I can share with you the
15 computations that went into and the
16 assumptions that went into the commentary
17 that we had here today. But I appreciate
18 the concerns and frustration that you've
19 expressed, and that's fair.

20 COUNCILMAN GREENLEE: I
21 appreciate that, and thank you. And I
22 think this bill was introduced about two
23 months ago, does sound right? Again,
24 wouldn't it have been fair to have again
25 offered something before that time? And,

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2 again, I'm not saying this is your
3 decision. You're sitting there, but it
4 just seems that -- again, I appreciate
5 you said we're going to sit down in the
6 future, but obviously we got to pass a
7 budget in a couple weeks, and I can tell
8 you just speaking for myself, unless I
9 can really be convinced that this is not
10 the way to go, personally, just speaking
11 for myself, I plan to vote for it, if
12 it's called up.

13 So if there is another plan,
14 I'd like, respectfully, to see it as soon
15 as possible or at least see something
16 about it, because that's awfully vague,
17 that we will sit down later and come up
18 with a plan. Again, we cooperated with
19 the Administration last year, again, and
20 getting great heat in some cases for the
21 vote we took, and now we come up -- then
22 we come up with another plan. Again, one
23 is too big, one is too little. There's
24 got to be something. There's got to be
25 something.

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2 COMMISSIONER TOLSON:

3 Understood, Councilman.

4 COUNCILMAN GREENLEE: All

5 right. I appreciate that.

6 COMMISSIONER TOLSON: We'll

7 work --

8 COUNCILMAN GREENLEE: Again,

9 I'm not --

10 COMMISSIONER TOLSON: No. I

11 understand where you're coming from.

12 COUNCILMAN GREENLEE: Okay.

13 All right.

14 Are there any other questions

15 or comments on this bill?

16 (No response.)

17 COUNCILMAN GREENLEE: Seeing

18 none, thank you, Commissioner.

19 COMMISSIONER TOLSON: Thank

20 you.

21 COUNCILMAN GREENLEE: I think

22 Mr. Dubow is going to be giving the

23 testimony on the --

24 MR. DUBOW: We actually weren't

25 planning to give oral testimony. We were

1 5/14/14 - WHOLE - BILL 130724, etc.
2 just submitting it, but I understand
3 Councilman Goode has questions.

4 (Witness approached witness
5 table.)

6 COUNCILMAN GREENLEE: Yes.
7 Shockingly, Councilman Goode does have a
8 question on this issue. So you just want
9 to submit your testimony and --

10 MR. DUBOW: Yeah.

11 COUNCILMAN GREENLEE: Submit
12 your testimony and answer questions,
13 okay.

14 Councilman Goode.

15 COUNCILMAN GOODE: Thank you,
16 Mr. Chair.

17 Good afternoon, Mr. Dubow.

18 MR. DUBOW: Good afternoon.

19 COUNCILMAN GOODE: I read your
20 submitted written testimony. You already
21 know that I have issues with it. Your
22 testimony is based upon an analysis that
23 was done. So let's talk a little bit
24 about that analysis.

25 MR. DUBOW: Sure.

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2 COUNCILMAN GOODE: Why was the
3 abatement analysis over a 30-year period?

4 MR. DUBOW: We wanted to look
5 at the long-term impacts of the abatement
6 and any potential changes.

7 COUNCILMAN GOODE: Why 30
8 years?

9 MR. DUBOW: As opposed to? I
10 mean, there wasn't any magic to that
11 amount of time, but --

12 COUNCILMAN GOODE: So 30 years
13 is not a magic number?

14 MR. DUBOW: No.

15 COUNCILMAN GOODE: The analysis
16 assumes that we won't do anything else to
17 mitigate the impact of construction costs
18 over 30 years. Why is that?

19 MR. DUBOW: The analysis was
20 just looking -- the question that we
21 asked was to look at this legislation and
22 what this legislation did, and then we
23 asked him to look at a couple of other
24 abatement options, but we didn't look at
25 anything beyond abatements, because it

1 5/14/14 - WHOLE - BILL 130724, etc.
2 wasn't in the four corners of the
3 question.

4 COUNCILMAN GOODE: Why would we
5 assume that we wouldn't do anything else
6 to mitigate the cost of construction?

7 MR. DUBOW: We weren't assuming
8 that we would or wouldn't do anything.
9 We were looking at a specific question,
10 which was the impact of abatements.

11 COUNCILMAN GOODE: Why wouldn't
12 we create another incentive that doesn't
13 take money from the schools?

14 MR. DUBOW: We are not
15 commenting here on whether there are --
16 if there are other incentives that are
17 effective, we would like to look at those
18 too.

19 COUNCILMAN GOODE: I mentioned
20 one to you a year ago. How about a
21 business tax credit for construction
22 jobs?

23 MR. DUBOW: I think we'd be
24 interested in talking about that and how
25 that would work.

1 5/14/14 - WHOLE - BILL 130724, etc.

2 COUNCILMAN GOODE: Okay. I
3 mentioned a different timeframe of
4 analysis. Would a 17-year analysis tell
5 a completely different story?

6 MR. DUBOW: Well, the
7 crossover, I guess, is about -- is 18
8 years. So, yeah, 17 years would --

9 COUNCILMAN GOODE: Tell a
10 completely different story?

11 MR. DUBOW: It would.

12 COUNCILMAN GOODE: That's why I
13 find the findings in your written
14 testimony to be fraudulent, and we've had
15 discussion by e-mail already and so we're
16 going to run through it.

17 For the record, there is no
18 adverse impact for schools from this bill
19 in Year 1; is that correct?

20 MR. DUBOW: That's correct.
21 The crossover is about Year 18.

22 COUNCILMAN GOODE: I'm going to
23 run through it. Year 2?

24 MR. DUBOW: Again, not until
25 Year 18.

1 5/14/14 - WHOLE - BILL 130724, etc.

2 COUNCILMAN GOODE: Year 3?

3 MR. DUBOW: Same answer.

4 COUNCILMAN GOODE: So there is
5 no impact, adverse impact, over 17 years
6 for the School District?

7 MR. DUBOW: For the School
8 District. There's an adverse impact on
9 development and jobs, but not on the
10 School District.

11 COUNCILMAN GOODE: So there's
12 only a positive impact for the School
13 District. How much would the schools get
14 over those 17 years?

15 MR. DUBOW: It starts off at
16 about 700,000 a year and obviously then
17 it --

18 COUNCILMAN GOODE: It doesn't
19 start off with \$700,000. There's a chart
20 in the back that you can refer to.

21 MR. DUBOW: That's what I'm
22 looking for.

23 COUNCILMAN GOODE: And my
24 question is, how much would the schools
25 get over the 17-year period?

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2 MR. DUBOW: Sorry. I'm just
3 trying to find the right case.

4 Through Year 17 -- let me make
5 sure I'm reading it correctly. I think
6 it's about -- I'm just having problems
7 reading it. Marisa will tell me.

8 (Witness approached witness
9 table.)

10 COUNCILMAN GOODE: You might
11 need a calculator.

12 MR. DUBOW: What?

13 COUNCILMAN GOODE: You might
14 need a calculator.

15 MR. DUBOW: Fourteen million.

16 COUNCILMAN GOODE: Excuse me?

17 MR. DUBOW: Fourteen million
18 dollars.

19 COUNCILMAN GOODE: Which chart
20 are you looking at?

21 MR. DUBOW: On Page 24.

22 COUNCILMAN GOODE: Are you
23 looking at the school pro forma?

24 MR. DUBOW: Yes.

25 COUNCILMAN GOODE: No. I'm on

1 5/14/14 - WHOLE - BILL 130724, etc.

2 Page 23. You're on the wrong page.

3 MR. DUBOW: Oh, I was just
4 looking at the School District phaseout.
5 I see what you're...

6 You're looking at the case
7 where we don't do anything?

8 COUNCILMAN GOODE: No.

9 MR. DUBOW: That's what Page 23
10 is. It says at the top "The Do Nothing
11 Case."

12 DEPUTY COMMISSIONER WAXMAN:
13 It's Page 24 in yours. It's Page 23 in
14 his.

15 MR. DUBOW: Okay. So I think
16 we're still seeing the 14 million.

17 COUNCILMAN GOODE: How are you
18 seeing 14 million? Over the 17-year
19 period?

20 MR. DUBOW: Yeah.

21 COUNCILMAN GOODE: How much in
22 Year 1?

23 DEPUTY COMMISSIONER WAXMAN:
24 The Year 1 is five hundred --

25 COUNCILMAN GREENLEE: Just

1 5/14/14 - WHOLE - BILL 130724, etc.
2 identify yourself. We know who you are,
3 but just identify yourself.

4 DEPUTY COMMISSIONER WAXMAN:
5 Marisa Waxman, Deputy Commissioner for
6 Tax Policy from the Department of
7 Revenue.

8 This is a cumulative total, so
9 Year 1 is \$560,958.

10 COUNCILMAN GOODE: Okay. Year
11 2?

12 DEPUTY COMMISSIONER WAXMAN:
13 Year 2, which is cumulative, so it's Year
14 1 plus Year 2, is 1.167 million.

15 COUNCILMAN GOODE: Okay. So
16 cumulatively in Year 17 it is what?

17 MS. WAXMAN: Fourteen point
18 eight one million.

19 COUNCILMAN GOODE: Okay. Is
20 there any adverse impact projected for
21 the schools before the Year 2031?

22 MR. DUBOW: That would be Year
23 16, right?

24 COUNCILMAN GOODE: It would be
25 Year 17, I think.

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2 MR. DUBOW: Not to School
3 District revenues.

4 COUNCILMAN GOODE: Okay. And
5 so your testimony today suggests that you
6 don't want the schools to receive more
7 money between now and 2031, where there
8 will be no adverse impact on the School
9 District, minimal adverse impact on the
10 City because of what's going to happen
11 between 2031 and 2044?

12 MR. DUBOW: Our testimony is
13 that we don't want -- we don't support
14 the legislation because of what it means
15 for development and jobs, and adding on
16 top of that, in the long run, it has a
17 negative impact on the District. That's
18 our testimony.

19 COUNCILMAN GOODE: Not if you
20 create an incentive that doesn't take
21 money from the schools.

22 MR. DUBOW: But that's separate
23 from this legislation.

24 COUNCILMAN GOODE: It is
25 separate from this legislation, but I

1 5/14/14 - WHOLE - BILL 130724, etc.
2 mentioned to you a year ago that's the
3 better way to approach it. I mean,
4 essentially the City if it believes and
5 if your testimony is is this is such a
6 great investment, such a great program,
7 then the City should do the investment.
8 It should not take money from the
9 schools. The City should give 45 percent
10 by right and then look, if there is an
11 issue of construction costs, crafting
12 another incentive that could be a
13 business tax credit for construction
14 jobs. But why is there a need to take
15 money from schools?

16 MR. DUBOW: Well, again --

17 COUNCILMAN GOODE: If that
18 issue could be mitigated otherwise and if
19 you know that over the next 17 years
20 there's going to be no adverse impact on
21 the schools, but there's going to be a
22 net gain.

23 MR. DUBOW: Well, there's still
24 a negative impact over the longer period,
25 because as the development -- as they

1 5/14/14 - WHOLE - BILL 130724, etc.

2 lose the impact of new development, they
3 start to lose revenue.

4 COUNCILMAN GOODE: There is no
5 adverse impact if you subsidize the
6 construction costs otherwise.

7 MR. DUBOW: Well, there's still
8 a negative impact from this, right? I
9 mean, this still has a negative impact.
10 Even if something else is providing a
11 benefit to development, this legislation
12 by itself has a negative impact.

13 COUNCILMAN GOODE: It does not.

14 MR. DUBOW: On --

15 COUNCILMAN GOODE: It does not.

16 MR. DUBOW: This analysis shows
17 it has a negative impact on development.

18 COUNCILMAN GOODE: This
19 analysis shows that there is a drop-off
20 in construction if you don't find a way
21 to control construction costs or
22 otherwise subsidize construction costs.
23 Why would we not do that when it will
24 take 14 to 15 years to have any impact on
25 real estate revenue to the City and will

1 5/14/14 - WHOLE - BILL 130724, etc.
2 take 17 years to have any impact in terms
3 of real estate revenue to the School
4 District in terms of adverse impact?

5 MR. DUBOW: Because this is
6 still having a negative -- you can do
7 lots of other things even if this bill
8 doesn't go in place that could help with
9 development. That doesn't mean that this
10 won't cost --

11 COUNCILMAN GOODE: So the City
12 chooses not to invest, but to take money
13 from the School District to invest?

14 MR. DUBOW: No. I think we're
15 open to investment and we do invest, but
16 this bill by itself costs us development.

17 COUNCILMAN GOODE: This bill
18 gives money to the School District, with
19 no adverse impact for 17 years.

20 MR. DUBOW: But an adverse
21 impact in the longer run.

22 COUNCILMAN GOODE: Maybe, if
23 you don't do what I suggested that you do
24 a year ago, which is find a way to
25 subsidize construction costs without

1 5/14/14 - WHOLE - BILL 130724, etc.

2 taking money from the schools.

3 MR. DUBOW: Look, we're all for
4 figuring out how to get more
5 construction --

6 COUNCILMAN GOODE: I don't
7 think you are for figuring it out.
8 There's a way to figure it out. It's a
9 better model for the City to -- and
10 you're making the case that this is a
11 good investment. I'm not arguing against
12 it being a good investment. I'm not even
13 necessarily fully challenging the
14 analysis. What I'm suggesting is that
15 the analysis tells us that for 17 years
16 there's only a positive impact on the
17 School District, and so the School
18 District possibly should get that money,
19 but you want to take that money from the
20 School District -- that's your
21 testimony -- and not even let the SRC
22 decide. You would take that money from
23 the School District rather than have the
24 City invest in subsidizing construction
25 costs.

1 5/14/14 - WHOLE - BILL 130724, etc.

2 MR. DUBOW: Well, the testimony
3 is that over the long run, it costs
4 money. So it's not that we want to take
5 money from the School District.

6 COUNCILMAN GOODE: The School
7 District otherwise is getting money over
8 17 years, the first 17 years. The School
9 District will get more money, with no
10 adverse impact on the School District.

11 MR. DUBOW: And after that,
12 they would get less money.

13 COUNCILMAN GOODE: So you are
14 robbing the School District for the next
15 17 years.

16 MR. DUBOW: But not over the
17 longer term.

18 COUNCILMAN GOODE: But you are
19 robbing the School District over the next
20 17 years.

21 MR. DUBOW: We are looking at
22 what happens over the longer term and
23 we're looking at what happens to
24 development.

25 COUNCILMAN GOODE: Okay. Maybe

1 5/14/14 - WHOLE - BILL 130724, etc.
2 we should change your name from Rob Dubow
3 to Rob Millions from the Schools.

4 Thank you, Mr. Chair.

5 COUNCILMAN GREENLEE: Thank
6 you, Councilman.

7 Just another general question,
8 Mr. Dubow, and I know you talk about
9 revenue to the schools here, but you say
10 in your testimony, "Additionally, other
11 City tax types, wage, business, sales,
12 real estate transfer, would see lower
13 collections." Do you have any -- and I'm
14 sorry if this was answered. I got a
15 little distracted. Do you have any
16 estimate on what that would be?

17 MR. DUBOW: No. We actually
18 intentionally didn't want to put any
19 other -- we didn't ask him to analyze any
20 other impact because we wanted to look at
21 just the property tax, but if there are
22 fewer jobs, it means there's going to be
23 fewer wage tax revenues.

24 COUNCILMAN GREENLEE: I guess
25 in some way don't you have to delineate,

1 5/14/14 - WHOLE - BILL 130724, etc.
2 maybe not right here, but delineate that
3 in some way? Because, look, this has
4 been a controversial subject for a while,
5 and I don't know where I am sometimes on
6 it either, but I guess the more
7 information you got, the better.

8 MR. DUBOW: We can do that
9 analysis. If you want, we can definitely
10 do that analysis.

11 COUNCILMAN GREENLEE: I think
12 at least maybe as part of the picture.

13 MR. DUBOW: We can definitely
14 do that.

15 COUNCILMAN GREENLEE: And I
16 guess the other very general question is,
17 I mean, there have been suggestions,
18 mostly by Councilman Goode, of dealing in
19 different ways with the tax abatement
20 issue. I think the Administration has
21 opposed each one, at least those
22 particular ones. Is there anything as
23 far as the abatement, as we sit here
24 today, that the Administration would
25 support? And this goes beyond just the

1 5/14/14 - WHOLE - BILL 130724, etc.
2 school. I'm just talking generally,
3 because, I mean, we've been kicking this
4 around for a while.

5 MR. DUBOW: Yeah. I mean, I
6 think we can talk about it. I think that
7 we're open to the concept, but obviously
8 the specific proposals so far we have not
9 supported.

10 COUNCILMAN GREENLEE: Okay.

11 Any other questions for
12 Mr. Dubow?

13 I'm sorry. I didn't realize
14 you keyed up again. Councilman Goode.

15 COUNCILMAN GOODE: The truth of
16 the matter to me is that you don't want
17 to change the program at all, that you're
18 not for any modification of the program.
19 If you're not, you can just say that for
20 the record, because if you're not for
21 modification of the program, then what it
22 means is that the idea that I suggested,
23 that we simply do a business tax credit
24 for construction jobs rather than take
25 money from the schools, you're not going

1 5/14/14 - WHOLE - BILL 130724, etc.
2 to pursue and you're going to take money
3 from the schools over the next 17 years
4 and not even let the SRC decide.

5 MR. DUBOW: I think we've gone
6 back and forth on this. I don't think
7 we're going to go anywhere further with
8 it.

9 COUNCILMAN GOODE: And the
10 analysis that Councilman Greenlee asked
11 you for, tell me exactly how you're going
12 to do that.

13 MR. DUBOW: I'm not sure. We
14 would have to develop a methodology for
15 it.

16 COUNCILMAN GOODE: We've
17 already had that discussion. In order to
18 talk about how much wage tax revenue
19 you're going to get, you have to know
20 where these people are going to work in
21 the future, which doesn't make any sense.
22 In order to know how much sales tax you
23 would get from it, you'd have to know
24 where people are purchasing now and where
25 they're going to purchase in the future.

1 5/14/14 - WHOLE - BILL 130724, etc.

2 So you'd be coming up with another fake
3 number.

4 MR. DUBOW: Well, I don't think
5 we've come up with a fake number yet
6 and --

7 COUNCILMAN GOODE: I think --

8 MR. DUBOW: -- this analysis --
9 please let me finish.

10 COUNCILMAN GOODE: Go ahead.

11 MR. DUBOW: This analysis does
12 have projections for job loss. So we
13 could determine how we could translate
14 that job loss into a further tax loss.
15 That's what we would do.

16 COUNCILMAN GOODE: It has a
17 projection of -- and I'll just say it for
18 the record -- 1,200, 1,300 construction
19 jobs, and that's why you should simply do
20 a construction job tax credit and replace
21 the School District portion, and because
22 you know what the number is, it's easier
23 to design the program. And not to look
24 to design a program is either lazy,
25 hardheaded or not acknowledging the

1 5/14/14 - WHOLE - BILL 130724, etc.
2 School District needs real money and
3 you're taking money from them over the
4 next 17 years.

5 MR. DUBOW: Like I said, we've
6 gone through that -- I mean, this hearing
7 before. We're not going to get any
8 further.

9 COUNCILMAN GOODE: So how much
10 money just for the record -- one last
11 question. How much money are you taking
12 from the School District over the next 17
13 years?

14 MR. DUBOW: We gave you the
15 number, 14 million, and said that in the
16 longer term, it actually costs the
17 District money.

18 COUNCILMAN GOODE: If you don't
19 do what you should do, which is create
20 another incentive.

21 MR. DUBOW: We can go back
22 through this again. That's not specific
23 to this legislation. That legislation --

24 COUNCILMAN GOODE:
25 Congratulations --

1 5/14/14 - WHOLE - BILL 130724, etc.

2 MR. DUBOW: -- costs us
3 development.

4 COUNCILMAN GOODE:
5 Congratulations on taking money from the
6 School District over the next 17 years,
7 knowing that it's not going to have any
8 adverse impact on the School District
9 over the next 17 years --

10 MR. DUBOW: But it will in the
11 longer term.

12 COUNCILMAN GOODE: -- and have
13 a positive impact -- if you can look into
14 the future between the years 2031 and
15 2044, you're good.

16 Thank you, Mr. Chair.

17 COUNCILMAN GREENLEE: Thank
18 you, Councilman.

19 Are there any other questions
20 for Mr. Dubow on this bill?

21 (No response.)

22 COUNCILMAN GREENLEE: Any other
23 questions at all for the bills that have
24 been presented today?

25 (No response.)

1 5/14/14 - WHOLE - BILL 130724, etc.
2 COUNCILMAN GREENLEE: Seeing
3 none, this Committee will stand in recess
4 until Wednesday, May 21st, 2014 at 1:00
5 p.m., at which time we will reconvene
6 here in Room 400, City Hall.

7 Thank you all for your
8 participation.

9 (Committee of the Whole
10 adjourned at 1:30 p.m.)

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CERTIFICATE

I HEREBY CERTIFY that the proceedings, evidence and objections are contained fully and accurately in the stenographic notes taken by me upon the foregoing matter, and that this is a true and correct transcript of same.

MICHELE L. MURPHY
RPR-Notary Public

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