

**City Council Committee of the Whole**  
**April 21, 2026**

**Tax Bill Testimony:**

**Bill 260202 (Hotel Tax), Bill 260203 (ZBA Fees), Bill 260204 (Air Management Fees),  
Bill 260205 (U&O Tax), Bill 260206 (Asbestos Fees), Bill 260208 (Transportation Network  
Company Tax), Bill 260209 (Retail Delivery Tax)**

Good morning, Council President Johnson and members of the Committee. My name is Rob Dubow, Finance Director, and I am joined by Revenue Commissioner Kathleen McColgan, Executive Director of the Office of Homeless Services Cheryl Hill, Streets Commissioner Kristin Del Rossi, Chief Education Officer Dr. Debora Carrera, and other Administration officials. Thank you for the opportunity to testify today on the various revenue measures included in the Proposed FY27 Budget and FY27-FY31 Five Year Plan.

The Administration's Proposed "One Philly, One Future" FY27 Budget and FY27-31 Five Year Plan include \$642 million in crucial new operating investments over five years to pursue the Mayor's vision to make Philadelphia the safest, cleanest, and greenest big city in the nation, while expanding access to economic opportunity for all. This Proposed Plan builds on the progress of the last two years and dedicates new resources to address urgent needs facing Philadelphia.

As always, this Administration remains committed to fiscal responsibility and long-term stability as we maintain financial stability through significant challenges in this uncertain federal and economic environment. These challenges include the expiration of federal COVID relief funding; potential federal regulatory and funding changes; and high legacy and fixed costs, including debt service and pensions, with a legacy Pension Obligation Bond balloon payment due in Fiscal Year 2029.

These realities require careful planning and tough, but necessary, decisions. As part of the FY27 budget process, every department reporting to the Mayor was required to prepare 1% and 2% reduction scenarios. These proposals were reviewed and over \$207M in low service-impact cuts were included in the Proposed FY27-31 Five Year Plan. Then, after first evaluating and incorporating reductions that would not affect service delivery, the Administration considered additional options, such as fee increases and tax changes to support critical services. Even with those reductions, by FY29 the City's reserves reach the bottom of our target range – the level we have set to ensure we are prepared to respond to unanticipated hits to our budget.

The combination of those relatively low reserves and already having made spending cuts meant that any new or expanded key service investments would need new recurring revenue sources. As a result, the Proposed FY27-31 Five Year Plan includes targeted tax proposals dedicated to funding those key services. Let me be clear, the Parker Administration does not take lightly any proposal to raise a tax or fee. We have taken very few such actions during the first two years of

our Administration. But we also know that Philadelphia has made its greatest strides when we have worked together, embraced new ideas, and acted with purpose. The revenue generated through these proposed changes will allow us to continue the progress made over the last two year and support efforts to end street homelessness, keep our streets safe, sustain key City services, and avoid devastating cuts to our schools.

Attached to this testimony are the Administration's proposed amendments to certain tax bills. For the rideshare tax, the amendments propose raising the tax from 20 cents to a dollar and changing the implementation date to January 1, 2027. And for the ZBA fees, there are some technical amendments. We are requesting that the Committee adopt these amendments as soon as today.

## **ENDING STREET HOMELESSNESS**

The Proposed FY27-31 Five Year Plan makes a bold investment to advance the commitment outlined in Mayor Parker's Executive Order to launch the One Philly Response to Ending Street Homelessness. The Proposed Five Year Plan includes \$110 million over five years to add 1,000 beds to the City's shelter system coupled with wraparound services, increase hours at the City's Hub of Hope facility, and add additional encampment resolution capacity. To support this investment and create a dedicated funding stream for these key services, the Proposed Plan includes a 2 percentage point increase to the Hotel Room Rental Tax starting August 1, 2026, which will generate approximately \$20 million annually. The rate increase equates to a \$4 tax increase on a \$200/night hotel room paid by the occupant at the time of booking. Even with this increase, Philadelphia's Hotel Tax is in alignment with rates in other jurisdictions including Atlanta, Chicago, Boston, and Houston.

This transformational investment is more than beds, these shelters provide wraparound services to support the goal of ending street homelessness, benefiting not just the individuals, but our Philadelphia businesses (including the hospitality industry), residents, and visitors. We are committed to getting this done and we are working with our partners at every level of government to pass the legislation needed to enact this Hotel Tax and help our fellow Philadelphians live with safety and dignity.

## **IMPROVING OUR STREETS**

Our streets connect every neighborhood in our city, and we all understand the importance of keeping them safe and well maintained. The Proposed Plan includes a dedicated revenue source to improve the conditions of our roads.

Under this proposal, the City will establish a Retail Delivery Tax of twenty-five cents (\$0.25) per order on the delivery of certain taxable retail goods in Philadelphia. This modest, per-order tax ensures that all retailers contributing to increased use of City infrastructure share in its upkeep. Importantly, the proposed tax exempts essential retail goods to mitigate the impact on residents and local businesses. Groceries, prepared foods, baby products, and medicine and medical

devices are all exempt from the proposed Retail Delivery Tax. These exemptions ensure that the proposed tax does not impose a burden on residents who rely on delivery for essential goods. Exempting prepared foods also helps support our local restaurants, for whom food delivery is an important source of revenue.

This proposed Retail Delivery Tax will generate a new revenue stream to support critical Streets Department operations, including the proposed investment to launch One Philly Pothole Squads—dedicated maintenance teams assigned to each of the city’s six highway districts. These teams will allow for faster response times and proactive patrols to identify and repair potholes and roadway defects, improving safety and reliability for all who travel on our streets. The revenue from this proposed tax will augment our existing paving investments, which total \$400 million in the Recommended FY27–32 Capital Program, and will strengthen our ability to deliver both proactive and reactive street repairs.

## **SUSTAINING CRITICAL SERVICES FUNDED BY FEES**

To maintain critical City services supported by fee revenue and account for the increased cost of those services, the Administration is proposing targeted increases to certain Zoning Board of Adjustment (ZBA) filing fees and Air Management and Asbestos fees. The ZBA proposal includes a carveout for one- and two-family dwellings, so these households will not see an increase in filing fees, as well as a carve out for affordable housing. Even with the proposed changes, the City’s ZBA fees will remain lower than those in many surrounding municipalities.

## **QUALITY EDUCATION**

The School District is facing a \$300 million structural deficit following the expiration of federal COVID relief funds. The District has made measurable gains under the District’s Accelerate Philly plan, including higher attendance, improved test scores, rising graduation rates, and fewer dropouts, but those gains are now at risk. Without additional funding, the District would have to eliminate approximately 340 school-based staff, impacting teachers, counselors, and climate staff who are central to student success. Mayor Parker’s proposed amendment changes that trajectory with two proposed tax changes that will generate over \$50 million annually for the School District. The first is a proposed Transportation Network Company Tax – a \$1 per ride on all rideshare trips originating in Philadelphia starting in January 2027, generating an estimated \$48 million annually. This is modeled on similar taxes in place in over 50 jurisdictions across the nation, including Chicago, New York City, and Washington, D.C. The proposed \$1 per ride rate is lower than both New York City’s \$2.75 tax on standard rides, and Chicago’s \$2.63 tax standard rides during congestion hours (6AM – 10PM). Additionally, the 2024 U.S. Census Bureau’s American Community Survey shows that less than 1% of Philadelphians earning below \$50,000 rely on taxi or rideshare to get to work each day.

The second is a proposed modification to the Use and Occupancy (U&O) Tax, starting January 2027, which would modernize the U&O Tax for cell towers by basing it on tower bandwidth

rather than square footage, better aligning the tax with the actual value of this commercial activity. By shifting to a bandwidth-based measure, the City ensures that U&O Tax liability is assessed more accurately and equitably across all types of commercial activities. We estimate this change will bring in an additional \$2.4 million annually for the School District of Philadelphia.

With this additional funding and extraordinary effort by the District to find further efficiencies, the District will be able to retain approximately 340 positions, avoiding school-based cuts that would be necessary without this new recurring revenue source. Keeping these positions will allow the District to continue the progress that it has already started to make.

While this money will be going directly to the School District of Philadelphia, our charter schools will also benefit financially from this infusion of revenue. Because of the charter school funding formula, this revenue proposal will generate an additional \$18.8 million in FY28 for charter schools and grow over the District's Five Year Plan to an additional \$34 million in FY31.

A portion of the revenue will also support targeted economic mobility initiatives, including free SEPTA passes for eligible essential School District employees. The proposal also includes a three-year pilot program, in partnership with the Philadelphia Parking Authority, to help eligible residents resolve license and registration suspensions caused by unpaid parking tickets. Through this program, residents could receive grants to pay down outstanding balances, have late fees waived, restore their driving privileges, and reconnect to work and opportunity. Revenue generated from resolved tickets that otherwise would have remained unpaid will also support the School District.

It is also our hope that if the City of Philadelphia approves this new revenue the Commonwealth will build on the funding progress coming from Harrisburg, thanks to Governor Shapiro and our Philadelphia delegation in the General Assembly, so our kids and our schools will have the foundation they need to succeed.

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In closing, the Parker Administration remains firmly committed to responsible budgeting, transparent decision-making, and the shared goal of a safer, cleaner, and greener Philadelphia with access to economic opportunity for all. The revenue measures included in the Proposed FY27–31 Five Year Plan reflect difficult but necessary choices, to invest in essential services like street repairs and homeless services, invest in quality education for our children, and maintain long-term fiscal stability. We look forward to continuing our work with City Council to address the challenges before us and seize the opportunities ahead. Thank you, and we are happy to answer any questions.