

ADMINISTRATION

ORDINANCE NO.

BILL NO. 23 - 2020

APRIL 27, 2020

AN ORDINANCE

Amending Part III, Business Regulation and Taxation, Title Three - Fees, Article 333, Business Privilege Tax, Subsection B. Tax Year Change, to provide tax relief to Allentown taxpayers in the calendar year 2020 by extending the deadline to file and pay 2019 Business Privilege Taxes in full thereof without interest and penalty from April 15, 2020 to July 15, 2020.

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF ALLENTOWN:

SECTION ONE: That Article 333.03 B. be amended to include the following addition and read as follows:

**ARTICLE 333
BUSINESS PRIVILEGE TAX**

**333.03 TAX RATE AND BASIS; BUSINESS VOLUME DETERMINATION;
EXEMPTIONS AND RECORDS**

B. Tax Year Change

1. Beginning in 1997, the business privilege tax return shall be due on or before April 15 of each year. In the year 1997, the return shall be due on April 15 and the corresponding tax, based on 1996 receipts, may be paid on an installment basis through October 1, 1997, as established by the Department of Administration and Finance. In years after 1997, both the business privilege tax return and the tax shall be due on April 15 of each year. The tax is measured by the actual gross receipts generated in the preceding year, except in cases of a seasonal, temporary or itinerant business. (13383 §1 3/7/96)

2. For the calendar year 2020 only, the deadline to file and pay 2019 Business Privilege Taxes in full thereof without interest and penalty shall be extended from April 15, 2020 to July 15, 2020. This section relating to the calendar year 2020 and the 2019 Business Privilege Tax shall sunset at the end of 2020 and the Clerk shall be authorized to remove this section from the codified ordinances of the City of Allentown.

SECTION TWO: That all Ordinances inconsistent with the above provisions are repealed to the extent of their inconsistency.

SECTION THREE: That pursuant to SECTION 218 of the City's Home Rule Charter and upon the affirmative vote of six of its seven members to reduce or eliminate the fourteen-day period between introduction and passage of any ordinance, this ordinance shall be effective immediately upon enactment.

- **What Department or bureau is Bill originating from? Where did the initiative for the bill originate?**

Finance, Revenue and Audit

- **Summary and Facts of the Bill**

Whereas the City of Allentown's taxpayers require tax burden relief not inconsistent with the relief offered by the Federal Government for income taxes, and whereas the due date for Federal income taxes has been extended for filing 2019 income tax returns and for payment in full thereof without interest and penalty from April 15, 2020 to July 15, 2020, and whereas Article 333.03(B) of the City's Business Regulation and Taxation Code provides a due date for filing the 2019 City of Allentown Business Privilege Tax of April 15, 2020 and payment in full thereof without interest and penalty,

Now, therefore, be it resolved that the governing body of the City of Allentown hereby extends the deadline to file 2019 Business Privilege Taxes and for payment in full thereof without interest and penalty from April 15, 2020 to July 15, 2020, provided that such relief shall only apply to payment of 2019 Business Privilege Taxes.

- **Purpose – Please include the following in your explanation:**
 - **What does the Bill do – what are the specific goals/tasks the bill seek to accomplish**
 - **What are the Benefits of doing this/Down-side of doing this**
 - **How does this Bill related to the City's Vision/Mission/Priorities**

The purpose of this bill is to relieve financial hardship on City of Allentown taxpayers for payment of business taxes when the Office of the Governor of the Commonwealth of Pennsylvania ordered the closure of all non-life sustaining businesses effective March 21, 2020, and for the uniform application of such hardship relief.

- **Financial Impact – Please include the following in your explanation:**
 - **Cost (Initial and ongoing)**
 - **Benefits (initial and ongoing)**

The Revenue and Audit Bureau estimates that the cost of the penalty relief is \$50,000 in business privilege tax interest and penalty revenue, and is non-recoverable, unless by virtue of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"). .

The benefit is significant goodwill between the City and its business tax base and a uniformity of treatment for taxpayers whose business income is taxed at the Local, State and Federal level.

- **Funding Sources – Please include the following in your explanation:**
 - **If transferring funds, please make sure bill gives specific accounts; if appropriating funds from a grant list the agency awarding the grant.**

Funding sources are not identified

- **Priority status/Deadlines, if any**

The bill should be passed as soon as possible to create maximum public awareness of the relief.
The deadline is on or before July 15, 2020

- **Why should Council unanimously support this bill?**

For all of the reasons listed above.