

Fully End Philly's Tax Abatement Program

Estimated Revenue Generation: \$162 million/year

What is the Tax Abatement Program?

- The city of Philadelphia offers a 10-year tax abatement for building developers and owners, making them exempt from paying property taxes on new construction or renovations, taking money from our schools and city services, while also fueling displacement of longtime Black, Brown and poor Philadelphians by fueling new luxury housing development.^{1 2}
- The abatement attracts more affluent people to move into newly constructed homes while paying only a fraction of the property taxes they would normally pay, resulting in assessment increases and tax hikes for long-term residents.³
- The tax abatement program encourages “growth,” but only for those who are at or near the top of the income scale. For the rest of the city and students in Philadelphia schools, this public policy decision exacerbates the issues of poverty, gentrification, and neglect. The abatement lets wealthy real estate developers and corporations off the hook for paying their fair share of taxes.

How could we use the money?

- About 55% of property taxes are earmarked for the School District.⁴ The total value that is exempt from taxes under the abatement is \$11.6 billion, according to property records. The city and School District would net about \$162 million in annual revenue if those properties were taxed in full.⁵
- If Philadelphia immediately ended its 10-year property tax abatement, the School District would reap an extra \$61 million annually:⁶
 - For the \$61M in school funding lost in 2018 to abatements, the School District could have: hired 912 teachers, 814 nurses, or 848 counselors; completely renovated and kept open 4 of the worst-condition schools.

Who supports ending the tax abatement? Who is in opposition?

- Supporters: Philadelphia Coalition Advocating for Public School (PCAPS); Our City Our Schools (OCOS); Soil Generation; Philadelphia Coalition for Affordable Communities (PCAC)
- Opposers: Mayor Kenney; CM Henon; The 1%; Developers and Real Estate Industry Supporters

What's the status of fully ending the tax abatement?

- In Dec 2019, a new law was passed that essentially halves the current abatement only for newly constructed homes, reducing the tax break for new **residential** construction only by 10% each

¹ <https://philadelphia.chalkbeat.org/2013/10/29/22184205/pcaps-end-property-tax-abatement-program>

² <https://philadelphia.chalkbeat.org/2018/11/15/22186274/coalition-starts-organizing-to-end-10-year-tax-abatement>

³ <https://fusion.inquirer.com/politics/philadelphia/philadelphia-10-year-tax-abatement-changes-20191212.html>

⁴ <https://fusion.inquirer.com/opinion/philadelphia-tax-abatement-construction-poverty-plan-20201208.html>

⁵ <https://fusion.inquirer.com/news/philadelphia-10-year-tax-abatement-20191127.html>

⁶ <https://drive.google.com/file/d/1N5ynU8w2AO-wOKkmMySJR6Z-y99rG0-U/view>

year. This new legislation would not change the tax break for residential properties that are already benefiting from the 10-year abatement, or for **any** commercial properties.⁷⁸ This was originally meant to take effect on January 1, 2021, however, due to strong lobbying from the real estate industry, in December 2020 a bill was signed into law that delayed the date this phase out program would take effect -- from January 1, 2021 to January 1, 2022.⁹

- In June 2020, Councilmember Kendra Brooks proposed a bill that would completely eliminate the abatement for both new constructions and rehabilitations of residential and commercial properties. She is the only Councilmember calling for full elimination of the tax abatement program.¹⁰

Additional Resources about the fully ending the tax abatement program:

- [The New Math on School Finance](#) (2018)
- [Short-Changing Philadelphia Students](#) (2014)
- [Property tax abatement studies | Office of the Director of Finance](#)

Additional Resources:

- [Report: Phila. School District lost \\$62 million in revenue in 2017 to tax abatements](#)
- [Tax Abatements: Great For Comcast, Less Great For Schools](#)
- [Who benefits? Philly leads largest cities in property tax breaks | Analysis](#)
- [How are our Schools Funded? — Reclaim Philadelphia](#)
- [Philadelphia's Poor](#)
- [Philadelphia Moves Toward Creating a New Construction Tax and Delaying Abatement Change](#)

⁷ <https://fusion.inquirer.com/politics/philadelphia/philadelphia-10-year-tax-abatement-changes-20191212.html>

⁸ <https://www.natlawreview.com/article/philadelphia-city-council-approves-changes-to-tax-abatement-programs-and-imposes>

⁹ <https://why.org/articles/philly-passes-first-ever-development-impact-tax-delays-abatement-reductions-for-another-year/>

¹⁰ <https://why.org/articles/kendra-brooks-undo-structural-racism-by-nixing-phillys-10-year-tax-abatement/>