



Volume 4, Issue 1

January 2009

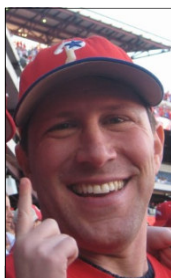
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We're #1 And We Still Need Tax Reform!



Philadelphia Forward
 Executive Director
 Brett Mandel

It's over and Philadelphia is the champ. Forbes.com reported on taxes in a recent piece titled "America's Most Taxing Towns" and Philadelphia is number one!

America's most taxing towns for individuals: Philadelphia, Baltimore, Bridgeport, Conn., and Detroit. The lowest: Anchorage, Alaska; Manchester, N.H.; Cheyenne, Wyo.; and Seattle. [snip]

Philly appears at the top of the list for at least two reasons: It has a relatively high local wage tax and Pennsylvania levies a flat income tax with no personal exemptions or standard deductions.

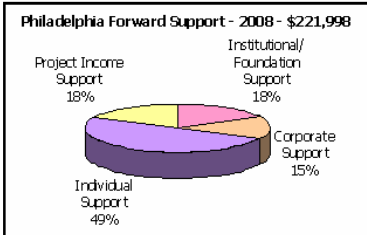
The fact that WE'RE NUMBER ONE shows that Philadelphia STILL needs tax reform. Unfortunately, the news that the city is suspending its successful tax-reduction program in the wake of the international financial crisis will not help the long-term effort to make Philadelphia more competitive to current and potential residents and employers. It's not so great to be number one.

On the other hand, the Philadelphia Phillies' victory is one to savor. Let's hope that the city will make major strides toward being a city that grows jobs and residents before the city's next world championship parade — and let's hope the next one is not 25 years in the making!

Philadelphia Forward Thanks Its 2008 Supporters

With apologies for inadvertent errors or omissions, we thank: Ames Adamson, Stanislav Alekseev, Rebecca Alexander, Dani Alon, William Bailey, The Beach Found., Caroline Beaumont, Kirby Bell, Barbara Benton, Richard Biddle, Suzanne Biemiller, John Blickensderfer, Andrea Bloomgarden, Joe Blume, James Bodine, Stuart Bogom, Vincent Bolognone, Lauren Bornfriend, Robert Brasler, DeWitt Brown, Mechthild Buckler, Alexandra Buczek, Building Owners & Mgrs. Assn., Thurman Bullock, Business Assn. of W. Parkside, Julie Camburn, Thomas Cardwell, John Carpenter, Michael Carrier, Laura Casillas, Daniel Cavallos, Barbara Chance, Janet Chapman-Mason, John Chin, Sarah Clark, Lou Coffey, Steven Cohen, Jacob Cohen, Dan Connelly, Martha Coonley, Kevin Corcoran, Randall Couch, David Dannenberg, Court Daspi, Kristen Davidson, Steve Dickstein, David & Ruth Ezekiel, Gilbert Feinberg, David Feldman, Samuel S. Fels Fund, Graham Finney, Deborah Fishbein, David Fishbone, Thomas Forkin, Susan Frank, Henry Frank, Carol Fritz, Geoff Gallas, Mark Gallini, Jean Gavin, Charles George, Nancy Gilboy, Matt Gionta, Martha Glaze, Joseph Gleason, Philip Goldsmith, Sidney Goldstein, Jonathan Goldstein, Rod Goodwin, Edmund Goppelt, John &

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Economic Woes Force Mayoral Retreat On Tax Reform

As part of a painful plan to re-balance the city's budget and Five-Year Financial Plan, thrown into chaos by international economic woes, Mayor Nutter prescribed service cuts, facility closings, layoffs, salary reductions — and a suspension of the city's successful tax-reduction program. However, legislation to accomplish the Mayor's wishes would have ended the tax cuts with no resumption planned for the future.

After *Philadelphia Forward* and others raised the issue, Mayor Nutter altered his proposed legislation to conform with his rhetoric and make clear that the city's successful tax-reduction program will be suspended, not ended.

Philadelphia Forward's testimony before City Council echoed private communications with administration officials in calling for legislation to make clear that tax cuts would resume when this economic crisis ends:

Philadelphia Forward understands the severe nature of the international economic crisis and its effects



on the city's budget and Five-Year Financial Plan and understands the policy rationale behind making the suspension of the city's successful tax-reduction program part of an overall package of spending cuts and revenue enhancements. But, in considering the legislation before you — bill 080854 which would end reductions to the job-killing Business Privilege Tax, and bill 080855 which would end city-funded reductions to the Wage Tax — we hope that you will make an important amendment.

While the rhetoric supporting this legislation has called for SUSPENSION of tax reductions into mid-2015, the language in both bills simply ENDS the city's tax reductions. We hope that the legislation can be altered to show that after the suspension, tax reductions will resume and, of course, we would hope that if economic conditions improve, this legislation would be altered to resume those successful reductions even sooner.

Mayor Nutter, thank you for listening.

BUDGETWATCH: Who Saw Storm Clouds Gathering?



BUDGETWATCH raises the level of public debate surrounding the city budget and the way the city raises and spends public money.

BUDGETWATCH essays are posted online and archived at www.philadelphiaforward.org/budgetwatch. Recent opinions examined the challenge to create an honest budget.

In November, BUDGETWATCH challenged the idea that the city could have done nothing to mitigate the pain from international economic problems. *Philadelphia Forward* has championed policies that would have better equipped the city to deal with today's challenges and raised alarms when the Mayor's first budget planned to overspend revenues:

"Mayor Nutter projects to spend more money than we raise for the

coming year and for every year of the city's Five-Year Financial Plan. We are able to spend more than we raise each year because we are essentially depleting a relatively large accumulated surplus, but obviously such a pattern cannot be repeated indefinitely. Mayor Nutter must begin to produce spending plans where obligations do not exceed revenues." (11.11.08)

Moving Philadelphia Forward: Meet Other Reformers



Philadelphia Forward Board Member Scot Ziskind

Philadelphia Forward Board member Scot Ziskind is moving Philadelphia forward. Ziskind is the owner of ZipCo Wine Cellar Services, Inc a firm that makes and installs wine cellars in homes and restaurants throughout the country.

He is regularly sought after to create unique wine-storage solutions for some of the nation's top restaurants and wine collectors.

In business in Philadelphia since 1977, he moved his company out of the city in 2004 when he realized the significant tax savings he could win with a short move. When his company left, it took ten high-paying jobs across the bridge to New Jersey.

Born in the Great Northeast, Ziskind attended Lincoln High School and Drexel University. A Center City resident since 1978, He lives in Queen Village with his wife and three children.

Faced With Lawsuit, BRT Backs Actual Value Initiative

On Wednesday, January 9, 2008, the *Philadelphia Inquirer* ran an article with the headline "City tax board holds off on full-value assessment." The article reported:

Members of the city's Board of Revision of Taxes yesterday said they wouldn't implement the proposed full-value assessment system until the City Council and state legislature acted to protect property owners from devastating tax increases. "

But, the article noted that one voice was heard taking the contrary view.

Among those arguing their appeals yesterday was Brett Mandel, executive director of the tax-reform organization Philadelphia Forward. He told board members they were compelled by law to provide fair and accurate assessments. "The Board of Revision of Taxes has one job - to get the valuation right," Mandel said.

Just six months later, a July 18th *Philadelphia Daily News* headline read, "Tax board going ahead with reassessment" and reported that the BRT resolved to move ahead with the "Actual Value Initiative."



What changed? *Philadelphia Forward* pushed for change! Our educational outreach campaign expanded public awareness about unfairness in Philadelphia real estate taxation and underscored the need for change. Then, the hammer of the threat of our real estate tax lawsuit encouraged action.

This incredible about-face is the latest, and perhaps *Philadelphia Forward's* most impressive demonstration that the power of a good idea combined with public engagement can move Philadelphia in a positive direction. While we must still monitor actual implementation and be mindful not to "count our chickens before they hatch," this effort must rank as one of *Philadelphia Forward's* most impressive victories.

Mandel, Street Present *Tax Reform In Perspective*

On November 19th, former Mayor John F. Street and *Philadelphia Forward's* Brett Mandel sat down to review the history of tax reform and give their unique perspectives on recent debates.

The unique event, hosted by the Atwater Kent Museum of Philadelphia History, brought out a lively crowd who listened as the speakers gave their own takes on the battles they waged.

The local media often told the tax-reform battles as fights between those who wanted to slash city taxes perhaps at the expense of city services opposed by those who wanted to protect the city budget perhaps at the expense of attracting and retaining jobs in Philadelphia.

The *Tax Reform In Perspective* event helped present the underlying philosophies that competed for public support.



Philadelphia Forward Executive Director Brett Mandel listens as former Mayor John F. Street makes his point

If you missed the event live, you will soon be able to view the event on the *Philadelphia Forward* website.

Quo Vadimus? You Told Us

Given our successes, *Philadelphia Forward* reached out to the constituency for change to inquire about what our next moves should be. Philadelphians has strong feelings in response to our online poll.

How should *Philadelphia Forward* follow up on all its successes?

17% — *We did it! We moved Philadelphia forward. Now we can declare victory and retire from the field - we trust Mayor Nutter to continue our progress.*

29% — *We made remarkable progress, but can't rest now! Philadelphia's history warns us that if reformers rest, we can expect*

missteps and backsliding from elected leaders - we must raise more resources and expand our capacity to push for change.

51% — *We have a blueprint for success and the infrastructure to make change happen! Let's look at other reforms where our aggressive advocacy can push for change - let's generate the funding to take on other challenges.*

3% — *We have a city that is not interested in moving forward! We have done all we can, but we're fooling ourselves if we think Philadelphia is ever going to be the city we know it should be.*

The **FORWARD** *Thinker*

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Philadelphia Forward is a citizens' organization dedicated to promoting civic engagement to make Philadelphia a vibrant city that is a preferred place to live, work, and visit.

For more information about getting involved with the push for reform, visit: www.philadelphiaforward.org

***Philadelphia Forward* Making News & Change**

Philadelphia Forward continues to make news and extend the reach of its work through the local media. In recent months, our views have appeared in print, on radio, on television, and online. With the city budget under stress and city fiscal policies under question, *Philadelphia Forward* was in the news.

metro Goodbye 'renaissance,' hello lean times (11.07.08) —

Nutter admitted the dark financial cloud spreading across the nation would slow down his ambitious agenda, but some government observers consider them at a standstill. "It's not just tax cuts," said Brett Mandel of Philadelphia Forward. "It's more police on the street, it's more funding for Fairmount Park, it's all across the board the priorities set forth in his campaign are essentially on hold."



Philadelphia Forward Executive Director Brett Mandel appears on *NewsMakers* on CBS 3 with Councilman Bill Green to talk about the city's fiscal crisis and its effect on the city budget with host Chris May (11.09.08)

The Philadelphia Inquirer Nutter agenda blindsided by

the economy (11.09.08) — Tax cuts, which Nutter considers essential to job growth, were frozen. Funding for the Community College of Philadelphia was cut by \$2 million, and 11 libraries were shuttered - cuts that clearly run counter to his education goals. The park system, which Nutter said was a top priority, will not get the extra money he promised until at least 2011. Even public safety - the hallmark issue of his campaign - was not spared, as the mayor was forced to settle for 200 extra officers on the streets instead of the

DAILY NEWS Philadelphia zapped by bond-market turmoil (10.13.08) — What

can we do to deal with the bond-market crisis? *It's Our Money* asked several local experts how the city can best weather the storm. According to Brett Mandel of Philadelphia Forward, the first step is to rethink how bond deals are done. "You usually have someone who is lead counsel on a bond issuance and a couple of other lawyers who are getting paid as well," said Mandel. "It's time to examine if we need all of these lawyers."

400 he had originally budgeted for. "It seems like he took the core promises he made on his campaign and sacrificed them," said tax-cutting advocate Brett Mandel. "A lot of people who voted for the mayor voted for him because they thought he was going to carry out those promises, and he even laid out ways to pay for those promises . . . now he is moving away from those promises."