

This is to add a section to the BIRT Regulations to reflect amendments made to Chapter 19-2604 of The Philadelphia Code by Ordinance of the City Council to provide a “Green Roofs Tax Credit” for costs incurred to erect a “green roof” that supports living vegetation (Bill No. 070072), to change the requirement for the credit (Bill No. 150078) and to amend definitions and make other technical changes (Bill No. 160004).

**CITY OF PHILADELPHIA
BUSINESS INCOME AND RECEIPTS TAX REGULATIONS,
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A) Definition

SECTION 503. [RESERVED] “GREEN ROOFS” TAX CREDIT

(A) Definitions. For purposes of this section, the following definitions shall apply:

1. Green roof. A treatment to a roof that supports living vegetation and includes a synthetic, high quality waterproof membrane, drainage layer, root barrier, soil layer, and vegetation layer.

(B) Application. A business seeking a Green Roof Tax Credit must file a Green Roof Tax Credit Application, in the form and manner prescribed by the Revenue Department that includes the following:

1. The location of the proposed green roof.

2. Proof that the applicant has received all required permits and approvals to construct the green roof, after first submitting to the Department of Licenses and Inspections the plans for the green roof and a written analysis conducted by a roof engineer that confirms the following:

(a) The condition of the roof is satisfactory for green roof construction;

(b) The structural capacity of the roof would support the proposed green roof;

(c) There is appropriate and safe access to the roof for maintenance purposes;

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(d) The weight of the proposed green roof is appropriate for the roof; and

(e) The plans include appropriate irrigation and drainage measures.

(C) Commitment Letter. The Revenue Department shall approve the application if it contains all the required information. After approval of the application, the applicant must execute a commitment letter with the Revenue Department setting forth the following:

1. The plans for the green roof, as approved by the Department of Licenses and Inspections, which plans must provide for a green roof covering at least sixty percent (60%) of the rooftop.

2. The maximum green roof tax credit amount the applicant may claim, as calculated under subsection 503(D).

3. The applicant's commitment to maintain the green roof for a period of five (5) years after completion, and the applicant's acknowledgement that it is bound by the provisions of subsection 503(E) requiring repayment of any tax credits it has received if it fails to so maintain the green roof.

4. Such other provisions as the Revenue Department deems appropriate.

(D) Granting of Credits.

1. After the applicant and the Revenue Department have executed the commitment letter, the applicant, after certifying to the Revenue Department that it has completed the green roof in accordance with the plans set forth in the commitment letter, may claim a tax credit. For applications approved in Tax Years 2007 through 2015, the credit to be claimed is twenty-five (25%) of the all costs actually incurred to construct the green roof, provided that the total tax credits for a green roof may not exceed \$100,000. For applications approved in Tax Year 2016 and thereafter, the credit to be claimed is fifty percent (50%) of the all costs actually incurred to construct the green roof, provided that the total tax credits for a green roof may not exceed \$100,000. Such tax credit shall be applied against the applicant's total Business Income and Receipts Tax liability for the Tax Year during which the applicant certifies completion of the green roof, provided that any unused credits may be carried forward until fully used.

2. A business may receive only one set of green roof tax credit per building, but may receive green roof tax credits for each building it owns.

3. In the event that the aggregate amount of tax credits under this section to which all businesses are entitled in any tax year under subsection 503(D)(1) would exceed \$1,000,000, the amount of tax credit awarded to any business under subsection 503(D)(1) shall instead be computed as follows: (A) obtaining a reduction factor by dividing \$1,000,000 by the aggregate amount of all tax credits sought in that year under subsection 503(D)(1); and (B) multiplying the amount of the tax credit to which a business would be entitled under subsection 503(D)(1) by the reduction factor.

(E) Repayment of Tax Credits. A business that has received green roof tax credits must repay those tax credits to the City if it fails to maintain the green roof in accordance with

the provisions of the commitment letter. The Revenue Department may waive such repayment if it determines the failure to maintain the green roof was because of a natural disaster or other act of God, an act of terrorism, or similar circumstances beyond the control of the business.

(F) The Revenue Department shall by December 31 of each year submit a written report to the Mayor, with a copy to the President and Chief Clerk of Council, summarizing the City's experience during the prior year with the tax credit provided under this subsection.

Explanation:

[] Brackets and **bold** indicate matter deleted.

Underline and **bold** indicate matter added.



Frank Breslin CPA, Revenue Commissioner

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