



**Testimony of Beth McConnell**  
**Policy Director, Philadelphia Association of Community Development Corporations**  
**Before the Committee on Finance, City Council of Philadelphia**  
**February 18, 2020**  
**On Bill No. 200016**

Good afternoon, Chairperson Green and Vice Chair Henon and other members of the committee. My name is Beth McConnell, and I'm the Policy Director for the Philadelphia Association of Community Development Corporations here to testify in support of Bill No. 200016.

PACDC thanks Councilmember Domb for his leadership in introducing this bill, and all of the members of Council that have co-sponsored it and called for its passage.

Bill No. 200016 would allow low-income Philadelphians to apply for a rebate of their city wage tax up to the maximum amount allowed under state authorizing legislation. For a single mom with two kids, that could put up to \$655 in her pocket each year.

Tax refund programs like this benefit people and the places they live. Research on the impact of the federal Earned Income Tax Credit (EITC)<sup>1</sup> showed that for every \$1 returned to low-income taxpayers, \$1.58 was generated in local economic activity. Beneficiaries spend the money on necessities, back rent and utilities, car repair, clothing, and in some cases educational or training opportunities to raise their earning potential.

If this refund program returned \$25 million to the pockets of Philadelphians, some of that \$25 million will be spent on our neighborhood commercial corridors, boosting small businesses, enhancing our community development strategies, and generating sales and business taxes. For context, we spend about \$30 million of our Community Development Block Grant (CDBG) allocation every year on programs and services to improve our neighborhoods through housing and economic development activity.

Taxing the wages of people at or near poverty runs counter to efforts by this Council and the Kenney Administration to make serious headway in reducing our shamefully high poverty rate. The wage tax refund program proposed by Councilmember Domb in Bill No. 200016 is exactly the kind of equitable development policy that we need to ensure our city's growth and revitalization is benefiting the people who need it the most.

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<sup>1</sup> *Using the Earned Income Tax Credit to Stimulate Local Economies*, Alan Berube, Brookings Institution; *Earned Income Tax Credit: Boosting Employment and Aiding the Working Poor*, Robert Greenstein, Center on Budget and Policy Priorities

We urge Mayor Kenney to sign this bill, and ensure the systems and resources are in place to get as close to 100% utilization as possible, including adequate outreach among English and non-English speaking workers. PACDC's network of non-profits that help residents with tax prep, housing counseling, and other assistance programs stand ready to be part of those efforts.

Thank you for the opportunity to testify.

**Contact:**

Beth McConnell

[bmcconnell@pacdc.org](mailto:bmcconnell@pacdc.org)

cell: 267.918.7207