



GREEN STORMWATER
INFRASTRUCTURE
PARTNERS
REMAINING STORMWATER

**Testimony presented to Philadelphia City Council's
Committee on Finance Regarding Bill No. 150078 "Green Roofs Tax Credit"**

March 16, 2015

Good afternoon.

Thank you Councilwoman Blondell Reynolds Brown for inviting the Sustainable Business Network to testify in support of Bill No. 150078: "Green Roofs Tax Credit."

Thank you also to members of City Council for this opportunity.

The Sustainable Business Network of Greater Philadelphia (SBN):

I'm Anna Shipp, Project Manager of the Sustainable Business Network's GSI Partners. SBN is a non-profit membership organization committed to a more local and sustainable economy. Our 400 members are locally-owned businesses that practice the triple bottom line (TBL), which is a way of thinking and doing business that integrates financial success with practicing environmental and social responsibility.

The Green Stormwater Infrastructure Partners (GSI Partners):

The Green Stormwater Infrastructure Partners is an initiative of SBN that is working to amplify the environmental, economic, and social (TBL) impact of Philadelphia's innovative stormwater management plan, *Green City, Clean Waters*. GSI Partners are a robust and active subset of SBN's membership. Our 50 members (and growing) represent local architecture, design, engineering, contracting, and landscape firms, as well as material suppliers whose services and products pertain to green stormwater infrastructure. Two of our members, Roofmeadow and E-Built, are testifying here today.

SBN's GSI Partners are actively supporting the growth of the local industry by supporting the growth of local businesses involved with green stormwater infrastructure, helping to ensure that as much of the significant public and private investment being catalyzed by the plan stays as local as possible, and by advocating that vegetated approaches be facilitated and incentivized as much as possible. To that end, SBN is in support of the expansion of the Green Roofs Tax Credit.

Green City, Clean Waters (GCCW):

Green City, Clean Waters is Philadelphia's comprehensive stormwater management plan to meet EPA Clean Water Act regulations. The plan emphasizes the use of natural systems and engineered landscapes to manage stormwater and prevent as much of it as possible from negatively impacting our waterways. Beyond working towards meeting federal regulations and keeping costs down for ratepayers, *Green City, Clean Waters* also offers significant environmental, economic, and social benefits to the City. As such, it's important that the plan

be as successful as possible¹. Success hinges on not only public investment from PWD and other City departments, but also on private investment from developers and property owners.

Green roofs are one of the tools available to developers and property owners. They are highly effective, especially in the denser parts of the city, and are sometimes the only vegetated option. But they can also be expensive, making them the perfect candidate for a financial incentive such as a tax credit program.

Bill No. 150078 "Green Roofs Tax Credit:"

We applaud City Council's proposal to expand the Green Roofs Tax Credit to 50% of the total construction cost. It supports *Green City, Clean Waters*, the developers and property owners who want to use vegetated approaches, and the local green roof business community; and is reflective of best practices in other cities.

While the bill is on the table, we'd like to respectfully offer some recommendations we think would make the Green Roofs Tax Credit even more effective.

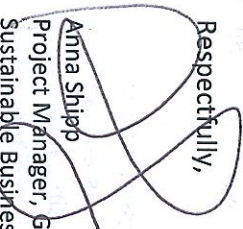
Currently, the credit is challenging to access. The eligibility requirements are limiting and the approval process is long. In terms of eligibility requirements, there is currently a minimum percent of green roof area to total roof area needed to qualify for the credit (50% of the entire roof area or 75% of the Eligible Roof Top Space). Many green roofs fall under these minimum size thresholds, making many developers and property owners who chose a green roof ineligible for the credit. Additionally, the credit lives in the Business Income and Receipts Tax (BIRT). Universities and other non-profit institutions are exempt from paying BIRT, making these likely clients for green roofs ineligible to receive the tax credit should they choose a green roof. We recommend lowering the size threshold to increase the number of projects eligible for the tax credit, and exploring a different incentive structure for BIRT-exempt institutions to increase the number of eligible applicants.

We also recommend process improvements. We know of a case where the application has been sitting in the Department of Revenue since November 2013. The significant time delay in processing the Green Roofs Tax Credit application is frustrating for the applicant and acts as a deterrent for future applications.

We also encourage City Council to explore other best practices from other cities to further incentivize and reward the use of green roofs and other vegetated stormwater management practices, such as Floor Area Ratio (FAR) bonuses.

Thank you again for the opportunity to testify in support of the expansion of the Green Roofs Tax Credit.

Respectfully,



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¹ SBN has made several recommendations to support the success of the plan, including the creation of new and expansion of existing incentives for vegetated stormwater management practices, such as this Green Roof Tax Credit. See the *Green City, Clean Waters* section of SBN's Good Economy Challenge, which is attached with this testimony.