

## **Section 505. Sustainable Business Tax Credit.<sup>114</sup>**

### **A. Definitions.**

1. “B Corporation.” Any corporation or other corporate entity certified as a B Corporation by B Lab Company, a Pennsylvania non-profit corporation.
2. “Department.” Department of Revenue.
3. “MOS.” The Mayor’s Office of Sustainability, or such other Office as the Mayor may designate to perform the functions assigned by § 19-2604(10) of the Philadelphia Code.
4. “Sustainable Business.” A “sustainable business” as defined by § 19-2604(10)(a)(ii) of the Philadelphia Code.

### **B. Application.**

1. For purposes of the Sustainable Business Tax Credit pursuant to § 19-2604 (10) of the Philadelphia Code, businesses shall apply for certification as a Sustainable Business to MOS on the form specified by MOS, and posted on its website.
2. All available annual certifications shall be granted by MOS on a first-come, first-served basis. Applications shall be available online, and shall be submitted electronically in such manner as specified in the application. Once all available certifications as provided by Philadelphia Code § 19-2604(10)(b)(ii) are granted by MOS, no further applications will be accepted.
3. Applications shall be made available by February 1 of the calendar year following the tax year for which certification is being sought. No application shall be accepted by MOS after April 15 of the calendar year following the tax year for which certification is being sought.
4. In considering any application, MOS may direct the applicant to furnish any information in support of or in addition to the information required under subsection C, that MOS, in its discretion, deems necessary to determine eligibility. Failure to provide any information so requested, within such reasonable time as MOS shall specify in its request, shall be grounds for denying certification.
5. The application shall indicate that by signing it, the applicant is certifying the truth of its contents, and further, that the applicant is current on all taxes due the City and School District of Philadelphia, or, with respect to any delinquency on such tax, or interest or penalties thereon, has entered into, and is in compliance with a payment agreement with the Department or the Law Department.

### **C. Eligibility. Applicants shall establish eligibility in either of the following ways:**

1. Current certification by B Lab Company indicating that the Applicant is a B Corporation.

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<sup>114</sup> Added by regulation submitted to the Department of Records on February 7, 2013 (effective March 11, 2013).

2. Submission of evidence that establishes that the Applicant conducts itself as a Sustainable Business. For purposes of this subsection C.2., a Sustainable Business is a business that gives substantial consideration to employee, community, and environmental interests in its practices, products, and services. MOS shall consider the following factors in determining whether an applicant is a Sustainable Business:
  - a. Line and conduct of business:
    - i. The product or services provided by the Applicant.
    - ii. The Applicant's business model.
    - iii. How the Applicant interacts with its employees and community.
    - iv. The Applicant's impact on the environment.
    - v. Transparency in the Applicant's corporate governance structures and processes.
  - b. The manner in which the Applicant's core business purposes meet the following sustainability criteria, as applicable.
    - i. Providing low-income or underserved individuals or communities with beneficial products or services.
    - ii. Promoting economic opportunity for individuals or communities, beyond the creation of jobs in the normal course of business.
    - iii. Preserving the environment.
    - iv. Improving human health.
    - v. Promoting the arts, sciences or advancement of knowledge.
    - vi. Increasing the flow of capital to entities with a public benefit purpose.
  - c. Sustainability certifications, if any, granted to the Applicant by an organization other than B Lab, including the criteria for the certification, and reasons why the certification is relevant to the criteria set forth under this subsection C.2.
- D. Tax Credits. For tax years 2012 through 2017, an eligible business shall receive a tax credit of \$4,000, which may only be used against the tax based upon annual receipts. Any unused tax credits may not be carried forward.
- E. Certification. MOS shall review applications until all available annual certifications have been granted. MOS shall provide notice of each certification to the applicant and to the Department. A businesses (sic) certified as a Sustainable Business by MOS shall attach a copy of the MOS certification to its BIRT return for the tax year for which the credit is sought.

- F.      **Renewal.** A Sustainable Business certification shall expire at the end of the tax year for which it was granted, unless the Applicant submits a renewal form by December 1 of the year preceding the tax year for which renewal is sought. Such renewal form shall include all information required by MOS, as well as any information that would materially alter any response given in the original application.
  
- G.      **Philadelphia City and School Tax Compliance.** No Sustainable Business tax credit shall be granted to any business where such business is not either current on all applicable City and School District of Philadelphia taxes, or subject to and in compliance with a payment agreement for all delinquent taxes with the Department or the Law Department.