



Home Rule Charter

City of Lancaster Home Rule Study Commission



Home Rule Basics

- A home rule charter serves as the City’s “constitution.”
- **A charter defines who and how decisions are made.**
- Literally: *Make the Rules at Home*
- Home Rule transfers the basic authority to act in municipal affairs from state law to a locally drafted and adopted charter through election by municipal voters.

City of Lancaster Home Rule Study Commission

Reasons to explore Home Rule

- Limitations of 1965 State Code
 - “One size fits all” no longer met Lancaster’s needs
 - Budget timeline is short with limited opportunities for community feedback
 - Outdated requirements regarding offices such as controller & treasurer
 - Limited and burdensome solutions for citizen initiative
 - Outdated tax code that has not kept up with inflation
- Other reasons cited by Home Rule Commissioners
 - Improve public participation
 - Strengthen financial procedures
 - Consider a code of conduct
 - Transfer power from the state to local government
- Structural budget deficit due to outdated tax code

Notable improvements include:

- Five-year capital budgeting, and a longer public process to adopt annual budgets.
- Quarterly public budget reviews by the Administration with City Council.
- Expansion of the powers and responsibilities of the Controller and elimination of the position of Treasurer
- Creation of an ethics commission and more stringent requirements for elected officials both to qualify for their positions and to perform their duties,
- Expanded powers for residents to have ordinances adopted or repealed on their behalf either by City Council or through a referendum process, and
- Increased flexibility on taxation to provide another tool to maintain and improve the City's finances.

Charter Articles

- Preamble
- Article I General Powers
- Article II City Council
- Article III Mayor
- Article IV Controller
- Article V Solicitor
- Article VI Other Appointed Officials
- Article VII Ordinances
- Article VIII Budget and Finance
- Article IX Authorities, Boards and Commissions
- Article X Administrative Code
- Article XI Citizen Petition and Referendum
- Article XII Ethics Commission
- Article XIII Transition Article



Preamble

We the people of the City of Lancaster PA aspire to establish the foundation of an accessible, ethical, and transparent government. This charter provides for equitable representation, sound fiscal management, public health safety and welfare as well as a measure of local control. We do ordain and ratify this Home Rule Charter for the City of Lancaster.

Fiscal Procedures: Budget & Finance

- New requirements:
 - Budget process starts 4 weeks earlier - more time for council review and citizen feedback.
 - Five-year capital budget.
 - Mandated quarterly budget reporting.
 - Requires 3-year budget outlook (current year + 2 years).
 - Defines process for citizens to obtain written responses to questions presented during the approval process.
- Implements taxpayer protection by limiting total year-over-year tax revenue increases to 6%

Citizens Participation: Petition & Referendum

Home Rule gives citizens powerful options to petition for change.

- Citizens may **petition** Council to ***add an agenda item*** to a regular meeting or to ***hold a special meeting*** on a specific topic
- Citizens may also ***draft a proposed ordinance for Council consideration*** or may require Council to consider amending or repealing an established ordinance.
- Depending on the action taken by council on the petition, a ***referendum*** may take place - a direct vote by the voters on a proposed ordinance.

Ethics Commission

- At a minimum this body would do three things
 - educate City elected officials, staff and the public on the state ethics act and any supplementary established ethics code,
 - investigate complaints of wrongdoing against these rules,
 - and enforce the rules.
- 7 city residents to be appointed to 3-year terms.
- **Members selected from a public register of nominees.**
- Appointed as follows: 2 members by the Mayor, 3 by Council, and 2 by City Controller.
- Members cannot hold City appointed or elected office for up to one year immediately prior to servicing, or from holding any political party office or action committee position.

Legislative Branch: City Council

- 7 members elected at large
- 4-year term
- Must live in the city for 2 years prior to running for office (increased from 1 year)
- Must remain city resident while in office
- Council elects Council President
- Compensation set by Council
- Not eligible for benefits such as health insurance & pension
- Other details address prohibitions, forfeiture, vacancy, participation by telecommunication, reimbursement expenses

Mayor, Controller and Treasurer

- Mayor changes:
 - Must live in city 4 years prior to election (increased from 1 year)
- Controller changes:
 - Expanded fiscal review responsibilities
 - Advises Council on Mayor's proposed budgets
 - Provides performance audits to City, city departments, offices, boards or commissions
 - May recommend hiring Deputy who is a licensed public accountant
- Treasurer
 - Eliminated, functions are assigned to Department of Administrative Services

Administrative Code & Transition

- Administrative Code is a set of laws that govern how a community operates
 - Details processes and procedures for the operation of city government,
 - Establishes rules and requirements for personnel, budgeting, purchasing, and other areas necessary for efficient and effective government.
 - Establishes departments, offices, authorities, boards, commissions, etc., and defines their responsibilities and procedures to operate.
 - Must be adopted by Council by ordinance
 - Council has up to 18 months to write local administrative code
 - Future amendments to the code must be done by ordinance
- Article XIII defines the Transition from current charter to Home Rule charter

Background on Taxes: The Need for Flexibility

- Current mix of taxes were authorized nearly 60 years ago through state legislation.
- Third Class cities are authorized to levy four taxes: Property Tax, Earned Income Tax, Real Estate Transfer Tax, Local Service Tax
- All taxes are set at a flat rate or capped by state law.
- These taxes have not kept up with inflation.
- Many properties in Lancaster City are tax exempt
- As a result, cities like Lancaster are limited in their ability to raise additional revenue in the face of rising expenditure.
- Lancaster does not have tax advantages that exist in other similarly-sized cities
 - Some cities enacted a Business Privilege Tax, but the legislature eliminated this as an option in 1988
 - Some cities receive significant gambling revenue

Taxes: Home Rule Provides Flexibility

- Home Rule lifts caps on all municipal tax rates
- However...
 - Home rule *does not* allow a municipality to create new taxes.
 - Home rule *does not* permit a municipality to levy a commuter wage tax or tax non-profits.
- Home rule does not set tax rates
 - Tax rates are set every year by elected officials.
- Increased tax flexibility will allow the City to balance revenue sources to avoid overburdening any one group.
- The charter implements a 6% taxpayer protection limit on year-over-year increases in tax revenue.

Taxation Practices from 82 Home Rule Municipalities

Research shows that for the 82 Home Rule municipalities in Pennsylvania, **year-over-year rate increases of property tax, earned income tax and realty transfer tax are rare.**

- Real Estate Property Taxes
 - Since 1999, real estate tax rates were **unchanged or reduced** from the prior year over **63% of the time**
- Earned Income Taxes (EIT)
 - Since 1999, the EIT rate was **unchanged or reduced over 90% of the time** after one initial increase following Home Rule adoption
- Real Estate Transfer Tax (RET)
 - Since 1999, the RET rate is **unchanged or reduced over 95% of the time** following Home Rule adoption
 - 40 municipalities kept the rate at 0.5%, and 21 municipalities increased the rate to 1.0%
- Elected officials under a Home Rule Charter continue to have the responsibility to taxpayers to keep tax rates low and equitable while delivering reliable municipal services
- Because tax rates are set every year by elected officials, this research cannot necessarily predict what the future holds for Lancaster

Home Rule Recap

- The Charter serves as Lancaster’s “constitution”
- Significant improvements:
 - Ethics commission
 - Budgeting process
 - Citizens Initiative and Referendum
 - Flexible tax revenue sources
- The Charter will make citizen participation easier, will make budget policy more transparent, and creates the possibility of more equitable taxation
- The Charter will ensure the City’s ability to provide and improve the services that Lancaster residents rely on
- City of Lancaster residents vote on the proposed home rule charter at the Nov. 5 General Election



Home Rule Charter: Commission Next Steps

- Educational events held on
 - September 26
 - October 2
 - October 3
 - October 10
 - October 24
- Proposed charter to be placed on Nov. 5 ELECTION BALLOT.
- ***City of Lancaster Voters Make the Ultimate Decision.***