



Position Statement in Support of Home Rule in the City of Lancaster

The City of Lancaster is a hub for by 60,000 residents, 40,000 commuters, and hundreds of thousands of tourists each year. Downtown Lancaster is home to well over 300 businesses, including retailers, service providers, restaurants, art venues, and cultural attractions. The city also serves as the County seat, hosting both the county government center and the courthouse.

To maintain a high quality of life and ensure economic sustainability, the city government must be able to provide essential services that support public safety, clean neighborhoods, trash removal, water and sewer infrastructure, and traffic control. These services and more allow the city to meet the needs of residents, visitors, and businesses, as well as continue the progress it made in developing a healthy, prosperous metro-area.

Unfortunately, due to outdated laws, policies, and mandates of the Third-Class City Charter that governs the City of Lancaster, the city is financially burdened. The result of this ongoing structural deficit has been service cuts and property tax increases that still cannot keep up with growing expenditures.

The structural deficit impedes the City's ability to fulfill its essential responsibilities. In 2023, property taxes accounted for 46% of the total budget (\$141 million), but police and fire comprised approximately 60% of the budget at a sum \$10 million greater than the amount of property taxes collected. As expenditures for necessities like public safety, infrastructure, and economic development continue to rise, the city's main tool for raising revenues is not meeting those needs. While property taxes have increased nine times since 2006, assessed property values have remained stagnant. In efforts to address this issue, the city has refinanced debt, utilized American Rescue Plan dollars, and worked to keep expenditures down to a modest four percent average annual growth.

While these actions have prevented bankruptcy, the city is at risk of Act 47 designation. Act 47 is a Pennsylvania statute that exists to stabilize municipalities underdoing financial distress, but at significant cost; bankruptcy could cause immediate service reductions, pension cuts, tax increases, infrastructure decay, and long-term negative impact. After years of unsuccessful advocacy at the state level to reform Third Class City Charters, the City of Lancaster began exploring the potential adoption of a Home Rule Charter. This governance change would transfer authority from state law to a local charter, which allows the city more independence in codifying taxes and raising revenue. Municipalities that adopt Home Rule are still subject to restrictions found in the United States and Pennsylvania constitutions and in state laws applicable to Home Rule municipalities.

On May 16, 2023, Lancaster City voters decided to form a Home Rule Study Commission to determine if a home rule charter would better serve the City of Lancaster. On January 27, 2024, by a vote of 7-1, the Home Rule Study Commission voted to move forward with drafting a home rule charter. That charter is now on the ballot for Lancaster City voters to either approve or reject in the 2024 General Election.

With so much at stake, the Lancaster Chamber believes the City of Lancaster needs tools to address the structural deficit, and in the absence of legislative change, views Home Rule as a viable alternative to Act 47. This is in alignment with the Chamber's Pro-Business Agenda, which supports measures that give cities and municipalities the tools they need to ensure fiscal sustainability without forcing costs on overburdened residents and businesses or sacrificing public services.