



Home Rule Education Merchant Meeting

Mayor Danene Sorace
Fall 2024



**CITY OF
LANCASTER**

CITYOFLANCASTERPA.GOV



How does Home Rule impact:

- City services everyone relies on
- Taxes for City residents/property owners

A stylized, colorful map of Lancaster, Pennsylvania, serves as the background. The map uses a grid-like pattern of yellow, orange, and light blue to represent different areas or districts. The text is overlaid on the left side of the map.

What city services do our tax dollars support?



**CITY OF
LANCASTER**

CITYOFLANCASTERPA.GOV



Public Safety expenses
comprise 60% of the
General Fund Budget.





Public Works expenses
comprise 10% of the
General Fund Budget.



CITY OF
LANCASTER

CITYOFLANCASTERPA.GOV

General Fund Fixed Expenses

Debt Service	\$7.5 million
Pension Obligations	\$9.4 million
Retiree Medical Benefits	\$3.7 million
<u>Active Employee Medical</u>	<u>\$8.0 million</u>
Total Fixed Costs	\$28.6 million

The background of the slide features a stylized, semi-transparent map of Lancaster, Pennsylvania. The map shows a grid of streets and various colored areas representing different neighborhoods or land use zones in shades of yellow, orange, blue, and grey. The map is tilted slightly to the right.

What taxes pay for these services?



Four City Taxes

Real Estate Tax



Set by Mayor/Council
Currently 12.64 Mills; 30 Mill Cap

Earned Income Tax



Set by State Law
0.6% for City residents only

Local Services Tax



Set by State Law
\$47/year for those who work in the City

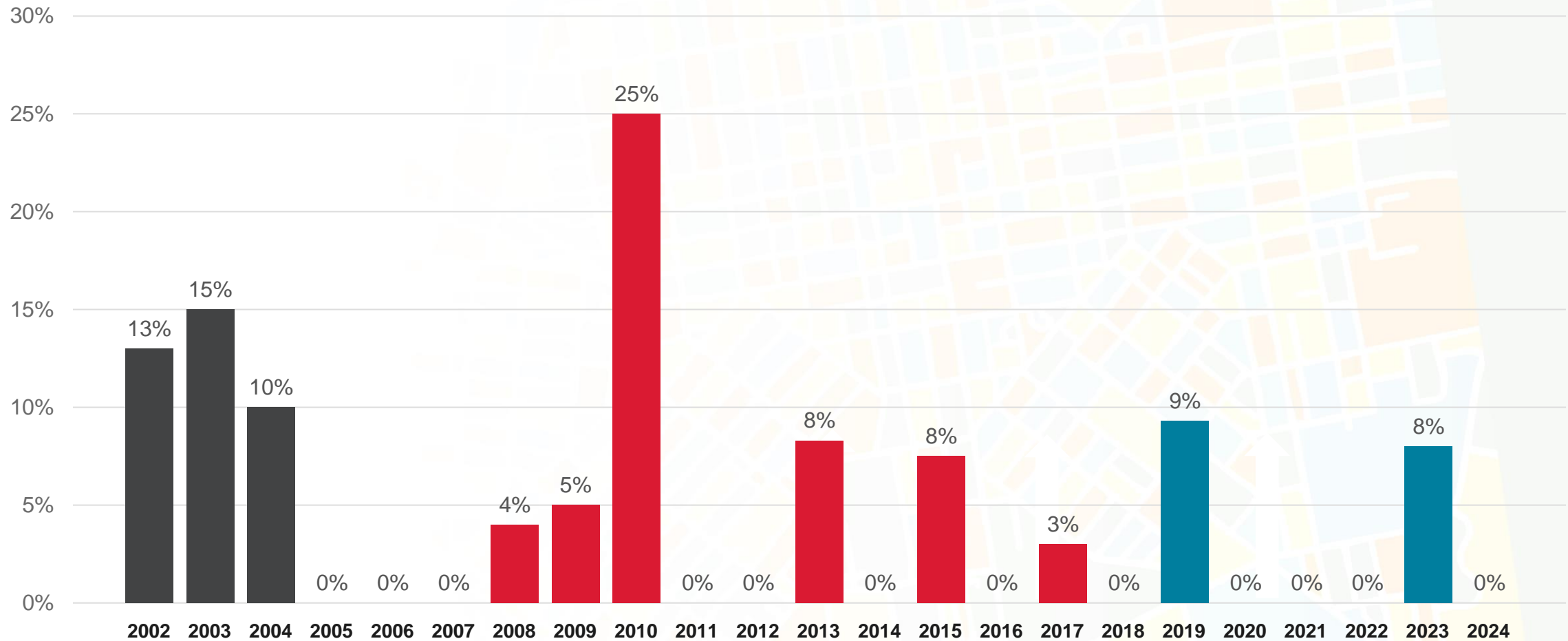
Real Estate Transfer Tax



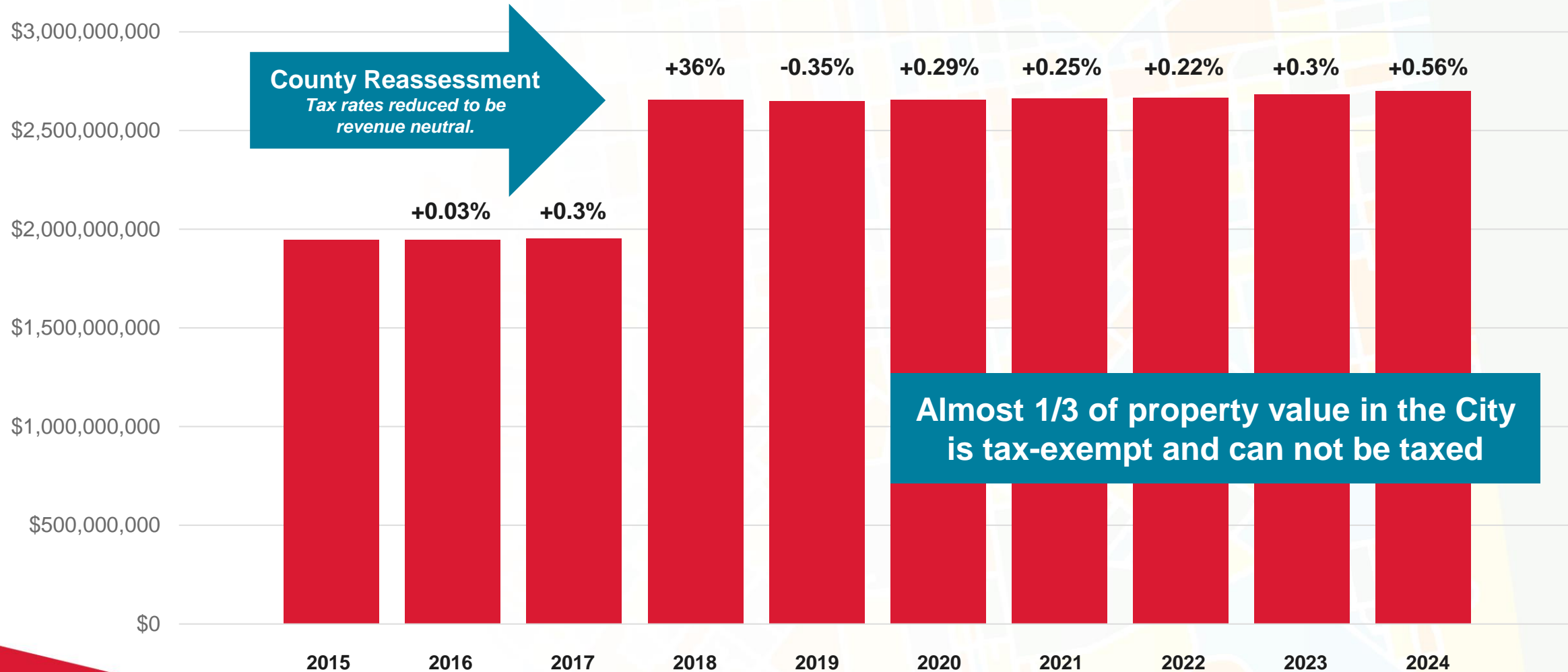
Set by State Law
0.5% of sale price



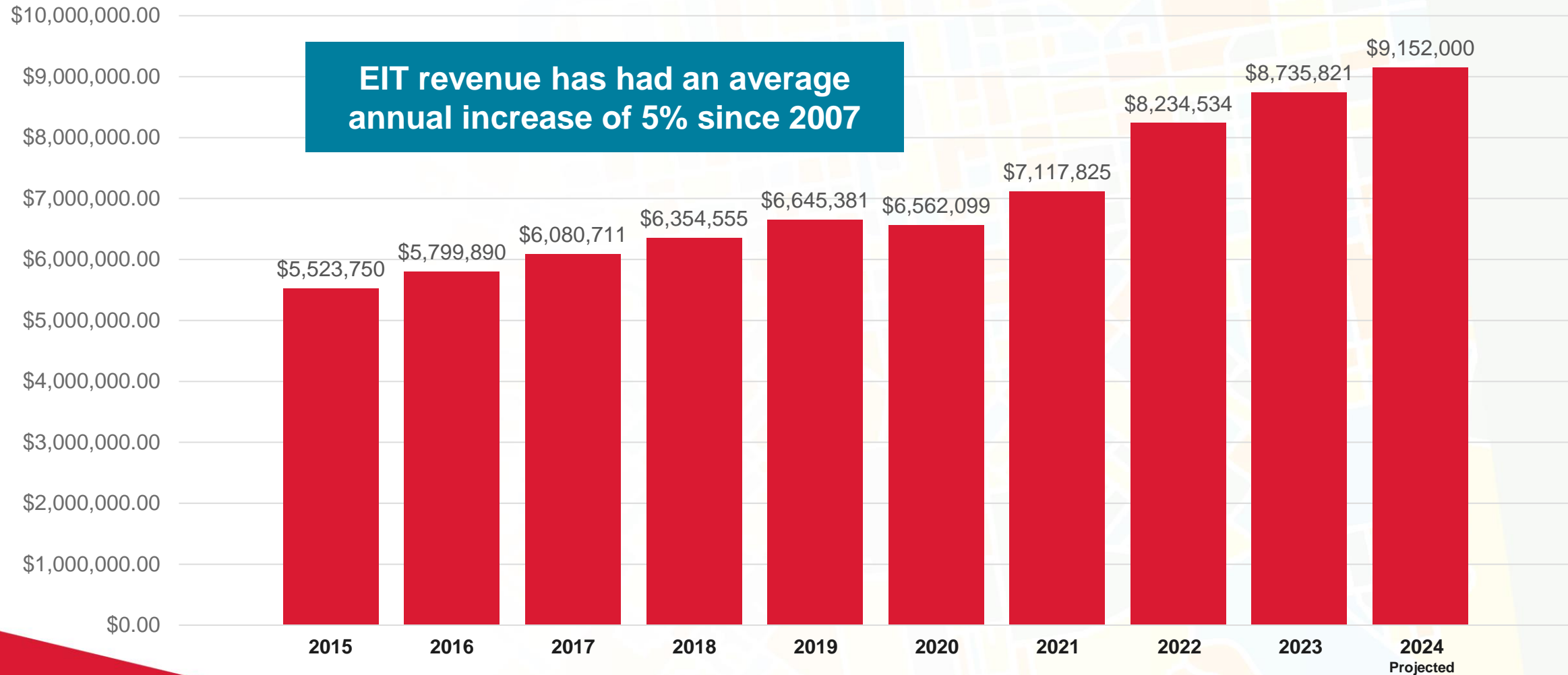
Property Tax Increases, 2002–2024



Total Assessed Value of Real Estate



Earned Income Tax Revenue, 2015–2024



What impact could Home Rule have?



CITY OF
LANCASTER

CITYOFLANCASTERPA.GOV

How would Home Rule impact taxes?

- No new taxes are allowed
- All four current taxes remain
- Earned Income Tax (EIT) could be increased
- Total tax revenue growth limited to 6% annually
 - Currently, City Council can increase property taxes up to 30 mills (a 137% increase over the 2024 rate.)

Pros and Cons of EIT and Property Tax

EARNED INCOME TAX

Pros

- Varies over time as a person's income changes
- Revenue grows
- Revenue compounds
- Retirees don't pay

Cons

- More sensitive to economic downturns

PROPERTY TAX

Pros

- Less sensitive to economic downturns

Cons

- Not variable
- Does not naturally grow
- Adds to housing costs for owners and renters alike

In the 65 communities that have had Home Rule since 1999...

Earned Income Tax rates were
flat or reduced over

90%
of the time

Property Tax rates were
flat or reduced

63%
of the time

Real Estate Transfer Tax rates
were flat or reduced over

95%
of the time

Data compiled by Pennsylvania Economy League

Ballot Question

- A “**yes**” vote means that you are voting to adopt the proposed Home Rule Charter for the City of Lancaster.
- A “**no**” vote means you favor keeping the status quo.

Election Day

Tuesday, November 5, 2024 • 7AM–8PM

☐ Write-in *Escribir en*

**LANCASTER HOME RULE CHARTER
REFERENDUM**
*Referéndum sobre la Carta Autónoma de
Lancaster*

Shall the Home Rule Charter contained in the Report, dated August 15, 2024, of the Government Study Commission, prepared in accordance with the Home Rule Charter and Optional Plans Law, be adopted by the Third Class City of Lancaster?

¿Deberá la Ciudad de Tercera Clase de Lancaster adoptar la Regla de Autonomía contenida en la Informe, de fecha 15 de agosto de 2024, de la omisión del Estudio Gubernamental, elaborado de conformidad con la Carta de Autonomía y la Ley de Planes Opcionales?

☐ Yes *Sí*

☐ No *No*



CITY OF
LANCASTER

CITYOFLANCASTERPA.GOV