

**COUNTY OF LEHIGH, PENNSYLVANIA
COMMISSIONERS BILL 2014-
SPONSORED BY COMMISSIONER SCHWARE
REQUESTED DATE:
ORDINANCE NO. 2014 -**

**AN ORDINANCE PROPOSING A REFERENDUM AMENDING THE HOME
RULE CHARTER TO REVISE BUDGET APPROVAL PROCEDURES**

WHEREAS, Section 1008 of the Lehigh County Home Rule Charter and the Pennsylvania Home Rule Charter and Optional Plans Law, Act 177 of 1996, as amended, 53 Pa. C.S.A. §2942, provide that a referendum on the question of amendment of a Home Rule Charter may be initiated by ordinance of the governing body, in this case the Board of Commissioners (Board); and

WHEREAS, the Board believes that the voters of Lehigh County should be given the opportunity to provide additional default procedures when the Board fails to adopt a budget within the time limits of the Home Rule Charter and at the same time to require specified budgetary reserves and to prevent tax increases in the Executive's original proposed budget from going into effect without Board approval.

**NOW, THEREFORE, IT IS HEREBY ENACTED AND ORDAINED BY
THE BOARD OF COMMISSIONERS OF THE COUNTY OF LEHIGH,
PENNSYLVANIA, THAT:**

1. The foregoing whereas clauses are incorporated herein as if set forth in their entirety.

2. The citizens of Lehigh County shall be given the opportunity to vote at the 2014 general election on amending §702 & §704 of the Lehigh County Home Rule Charter, by adding §704(d) & (e) to the Charter to more specifically require adequate budgetary reserves in the budget, to prevent tax increases without Board approval, to prevent tax decreases without Board approval, and to limit the item veto and reduction procedure under §705. The referenced sections of the Charter would be amended, and in the case of subsections (d) & (e) of §704, added, to read as follows (bracketed language indicates deleted language and underlined language indicates amending language):

§ 702. County Budget.

Prior to September 1 of each year, the County Executive shall present to the Board in ordinance form the proposed County budget for the next fiscal year. The County budget shall be a complete financial plan for the County, shall consist of an operating budget and a capital budget, shall include estimates of the revenues and expenditures of all funds of the County government, and shall include tax levies necessary to produce anticipated tax revenues. The operating budget shall contain adequate reserves for the cash flow needs of county operations. "Adequate reserves" shall be defined as stated in §704(b).

§ 704. Approval of the Budget.

(a) Upon the completion of the public hearings, but not later than October 31 of the year in which the proposed budget is submitted, the Board shall adopt a budget. The Board may add to, delete from, increase or decrease any appropriation item in the proposed operating or capital budget. The budget as adopted must be a balanced budget with no planned deficit. No amendment shall increase authorized expenditures to an amount greater than the total estimated income and cash reserve unless action is also taken to increase revenue to such a level. No amendment shall change expenditures required by law or for debt service or for any estimated unpaid obligations. When the budget has been adopted, the Board shall thereupon fix such rates of taxation as will, together with all other estimated revenues, raise a sufficient sum to meet budgeted expenditures. Adoption of the budget shall constitute the appropriation of the amounts specified therein as expenditures from the funds indicated. The budget as adopted shall be a public record.

(b) [If the Board fails to adopt a budget by October 31, the budget as presented by the County Executive shall become effective as if it had been enacted unless the budget is returned to the County Executive as provided for in Section 704(e).] The operating budget shall contain adequate reserves for the cash flow needs of county

operations. "Adequate reserves" is defined for this purpose as reserves in an amount no less than one-sixth (1/6th) of the annual expenditures of the prior year's operating budget.

(c) If the budget presented by the County Executive provides for a change in any existing tax rates or the inclusion of new taxes authorized by the Commonwealth of Pennsylvania, which provide for a change in County tax revenue estimates from those of the budget of the current year, then the Board by a majority vote may send the budget proposal back to the County Executive with the requirement that the County Executive resubmit to the Board within fourteen (14) days a budget proposal that contains a certain rate of taxation or a certain level of tax revenue estimate or such other modifications as the Board shall direct. Such a motion to send the budget proposal back to the County Executive must be made prior to October 31. Within seven (7) days after resubmission to the Board, the Board shall provide public notice pursuant to Section 1009(r) which includes a general summary of the resubmitted budget and the times and places where copies of such budgets are available for inspection by the public. The Board shall hold public hearings on the resubmitted budget. The Board shall adopt a budget under this subsection by December 14 and the Board may adopt such a budget at the same meeting at which it is introduced. The same budget procedure as in Section 704(a) shall be used by the Board. If the Board fails to adopt a budget by December 14, then the [resubmitted budget shall become effective as if it has been enacted.] default procedures specified in Section 704(d) shall apply.

(d) Default Procedures: If the Board fails to adopt a budget by October 31 (per Section 704(a), or a resubmitted budget by December 14 (per Section 704(c)), then one of the following shall occur:

(1) The County Executive's Original Proposed Balanced Budget contains No Tax Increases or Decreases: If the Board fails to adopt a budget by the required date, then the County Executive's original proposed budget shall become the official budget of the County for the ensuing fiscal year.

(2) The County Executive's Original Proposed Balanced Budget contains any Tax Increases: If the Board fails to adopt a budget by the required date, any tax rate for the ensuing fiscal year shall not be increased, but shall remain the same as the current fiscal year, and cuts shall be made from the Executive's proposed expenditures on a prorated basis across each line item in the relevant Fund to be increased by a tax increase except for expenditures required by law, for debt service, or for any estimated unpaid obligations as set forth in Section 704(a). The resulting budget shall become the official budget of the County for the ensuing fiscal year. The Administration may propose transfers to adjust funding according to the procedures found in the Charter.

(3) The County Executive's Original Proposed Balance Budget contains Tax Decreases: If the Board fails to adopt a budget by the required date, the tax rate for the ensuing fiscal year shall not be decreased, but shall remain the same as the current fiscal

year, and the surplus revenue shall be placed in the relevant Fund balance or balances. The resulting budget shall become the official budget of the County for the ensuing fiscal year.

(e) If a budget becomes the official budget of the County through the default procedures of subsection (d) above, then the item veto or reduction procedures under §705 shall not be applicable.

3. The County Executive shall distribute copies of this Ordinance to the proper officers and other personnel of Lehigh County whose further action is required to achieve the purpose of this Ordinance.

4. The proper officers and other personnel of Lehigh County are hereby authorized and empowered to take all such further action, including any necessary transfers of funds, and execute additional documents as they may deem appropriate to carry out the purpose of this Ordinance.

5. This Ordinance shall become effective in ten (10) days after enactment and the amendments, if approved by a majority of the electorate, shall become effective January 1, 2015.

ADOPTED this _____ day of _____, 2014, by the following

vote:

Commissioners

AYE

NAY

Geoff Brace
Thomas C. Creighton, III
Percy H. Dougherty
David S. Jones, Sr.
Vic Mazziotti
Brad Osborne
Scott Ott
Lisa Scheller
Michael P. Schware

ATTEST: _____
Clerk to the Board of Commissioners

APPROVED this _____ day of _____, 2014.

Thomas S. Muller
County Executive

ENACTED this _____ day of _____, 2014.