

## Legislation Text

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**File #:** 100314-A, **Version:** 2

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Proposing an amendment to the Philadelphia Home Rule Charter providing for a mandatory Budget Stabilization Reserve, and providing for the submission of the amendment to the electors of Philadelphia.

WHEREAS, Under Section 6 of the First Class City Home Rule Act (53 P.S. §13106), an amendment to the Philadelphia Home Rule Charter may be proposed by a resolution of the Council of the City of Philadelphia adopted with the concurrence of two-thirds of its elected members; now therefore

RESOLVED, BY THE COUNCIL OF THE CITY OF PHILADELPHIA,

SECTION 1. That the following amendment to the Philadelphia Home Rule Charter is hereby proposed and shall be submitted to the electors of the City on an election date designated by ordinance:

### ARTICLE II LEGISLATIVE BRANCH

The Council - Its Election, Organization, Powers and Duties

### CHAPTER 3 LEGISLATION

§2-300. The Annual Operating Budget Ordinance.

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*(7) Budget Stabilization Reserve.*

*(a) The annual operating budget ordinance shall provide for appropriations to a Budget Stabilization Reserve, to be created and maintained by the Director of Finance as a separate fund which shall not be commingled with any other funds of the City. Appropriations to the Budget Stabilization Reserve shall, each year, be made in the following amounts, provided that total appropriations to the Budget Stabilization Reserve shall not exceed five percent of General Fund Appropriations:*

*(1) Such amounts as remain unencumbered in the Budget Stabilization Reserve from the prior fiscal year, including any investment earnings certified by the Director of Finance; plus*

*(2) When the Projected General Fund Balance for the end of the fiscal year to which the operating budget relates (the "upcoming fiscal year"), without taking into account any deposits to the Budget Stabilization Reserve required by this subsection (2), equals or exceeds three percent (3%) of General Fund appropriations for the upcoming fiscal year, an amount equal to three-quarters of one percent (.75%) of*

*Unrestricted Local General Fund Revenues for the upcoming fiscal year; plus*

*(3) Such additional amounts as the Council shall authorize by ordinance, no later than at the time of passage of the annual operating budget ordinance and only upon recommendation of the Mayor.*

*(b) For purposes of this Section and Section 6-110 (“Budget Stabilization Reserve”),*

*(1) “General Fund” shall mean the General Fund established by the Director of Finance and so denominated in the annual operating budget ordinance.*

*(2) “General Fund Revenues” shall mean that portion of the estimated receipts of the City to be allocated to the General Fund, as estimated by the Mayor pursuant to Section 2-300(3).*

*(3) “Unrestricted Local General Fund Revenues” shall mean that portion of General Fund Revenues that is anticipated by the Mayor to derive from local taxes and fees, whether authorized by the Council or otherwise, so long as the expenditure of such revenues is unrestricted by law, other than local law. “Unrestricted Local General Fund Revenues” shall not include any revenues anticipated to derive from taxes authorized by Chapter 6 of the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of June 5, 1991, P.L. 9, No. 6).*

*(4) “Projected General Fund Balance” shall mean the projected general fund balance as set forth in the City’s Five Year Financial Plan for the five year period beginning with the upcoming fiscal year, submitted to an agency of the Commonwealth with responsibility for ensuring the fiscal stability of the City, as such Plan exists at the time Council adopts the operating budget ordinance; or, if no such Plan is submitted, as certified by the Director of Finance.*

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## ARTICLE VI EXECUTIVE AND ADMINISTRATIVE BRANCH -POWERS AND DUTIES

Director of Finance, Financial Departments, Boards and Commissions, City Treasurer, Procurement  
Department, and Board of Pensions and Retirement

### CHAPTER 1 DIRECTOR OF FINANCE

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*§6-110. Budget Stabilization Reserve.*

*(a) The Director of Finance shall create and maintain a Budget Stabilization Reserve as a separate fund*

*which shall not be commingled with any other funds of the City. For each fiscal year, the Director of Finance shall make deposits to such Fund no later than three months after the start of such year in such amount as may be necessary to increase the balance in the Budget Stabilization Reserve to the amount appropriated by the Council to the Budget Stabilization Reserve pursuant to Section 2-300(7).*

*(b) The Director of Finance shall invest the moneys deposited in the Budget Stabilization Reserve in like manner to other moneys in the General Fund not needed for immediate expenditure by the City. Interest and other earnings on such money shall accrue to the Budget Stabilization Reserve.*

*(c) The Director of Finance shall allow withdrawals from the Budget Stabilization Reserve only upon (i) approval by ordinance of a transfer of appropriations from the Budget Stabilization Reserve, pursuant to Section 2-300(6), and only for the purposes set forth in such transfer ordinance; and (ii) either:*

*(1) A certification by the Director of Finance that General Fund Revenues actually received by the City during the prior fiscal year were at least one percent (1%) less than the General Fund Revenues set forth in the Mayor's estimate of receipts pursuant to Section 2-300(3); or*

*(2) A certification by the Director of Finance that such withdrawal is necessary to avoid either a material disruption in City services or to fund emergency programs necessary to protect the health, safety or welfare of City residents; and that it would be fiscally imprudent to seek emergency appropriations pursuant to Section 2-301(a). Such certification must be approved either by (i) a resolution adopted by two-thirds of all of the members of the Council, or (ii) an agency of the Commonwealth with responsibility for ensuring the fiscal stability of the City.*

*(d) Expenses incurred or to be incurred as a result of any interest arbitration award, to the extent such expenses exceed those anticipated by the Director of Finance in the most recent financial plans submitted to any State agency prior to the issuance of such award, or, if no such plans have been submitted within the immediately preceding twelve months, in the most recent financial plans certified to the Council by the Director of Finance, shall not be considered in determining the need for any withdrawal from the Budget Stabilization Reserve.*

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## APPENDIX

\* \* \*

§A-200. Schedule.

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*(9) The amendment adding subsection 2-300(7) and section 6-110, both of which relate to the Budget Stabilization Reserve, shall first take effect with respect to the first fiscal year commencing not less than sixty days after adoption of the amendment by the voters.*

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**Explanation:**

*Italics* indicate new matter added.