

## Overview

This document attempts to layout the three voting options as determined by the Bylaws committee.

## Financial Obligations of Each Taxing Authority

Act 32, Section 505 (L)(2) specifically directs that each taxing authority's percentage of the TCC's expenses is as follows:

“The expenses of operating the tax collection district shall be shared among and paid by all political subdivision within the tax collection district that are represented by voting delegates on the tax collection committee and shall be weighted in direct proportion to income tax revenues collected in each participating political subdivision based on the political subdivision's most recent annual audit report required under this section.”

- Page 86 of the Act32.PDF at [www.mercerpa.net/mctcc/bylaws](http://www.mercerpa.net/mctcc/bylaws)

This financial obligation is law and can NOT be modified by the TCC bylaws and is separate from vote determination. Since taxing authorities with high income tax revenues will carry a larger portion of the total TCC cost, it is a possible consideration in the voting issue. However, an alternate argument can be made that since the affected taxing authority has such high income revenues, this higher obligation is probably a fair ratio to the costs of collection, etc.

## Voting Options

1. **Weighted vote** – either the existing DCED Weighted Vote based on population and Earned Income Revenue, or another similar one determined and agreed upon by the TCC. Example: the TCC could decide to simplify the weighted vote to be entirely based on Earned Income Revenue as is the mandated calculation for expense obligation for each taxing authority.
2. **“Head count” vote** – where each taxing authority receives a vote of “1”.
3. **Two Phase Voting** – where all financial votes (budget, purchases, etc.) are a weighed vote (either DCED or TCC determined) and all procedural votes (specifically election of officers, personnel hiring, termination, etc.)

In all cases, a delegate who represents more than one taxing authority will have the total combined vote weight of those taxing authorities.

## Weighted Vote

All actions taken by the Board shall be by majority vote of those delegates present, providing a quorum is present at the time of voting. Each delegate shall have the voting power for each taxing authority that the delegate represents.

Each taxing authority's specific vote is a weighted vote, in accordance with Act 32 of 2008, Section 505(c)(2), where 50% shall be the taxing authority's proportional population and 50% will be the taxing authority's income tax revenues.

**Note: the above paragraph could be replaced with a different calculation such as:** Each taxing authority's specific vote is a weighted vote in direct proportion to income tax revenues collected in each participating taxing authority based on the taxing authority's most recent annual audit report per Section 505 of the Act 32 legislation.

### Pros

- Provides a vote in some proportion to each taxing authority's financial obligation.
- Operates more like the U.S. House of Representatives where population (or, in our case, population and revenue) is proportionally represented.

### Cons

- Dilutes the overall votes of most boroughs and townships to an almost insignificant level. This dilution is highlighted in that it would require all municipalities within a school district to vote together to oppose their school district's vote. This could effectively create a "school district voting block."
- Feelings by the smaller municipalities that larger school districts and municipalities could develop a voting block to pass major policy decisions with a minority head count. This could effectively create an "urban voting block."
- Fears by smaller municipalities that unreasonable (in their view) costs could be incurred and cause financial hardship. The financial obligation might be less in proportion to the larger entities – but the ability to raise even the reduced amount could be problematic with a dramatically smaller municipal budget.
- Quorums become harder to achieve if several large voting entities are not present.

## Head Count Vote

All actions taken by the Board shall be by majority vote of those delegates present, providing a quorum is present at the time of voting. Each delegate shall have the voting power for each taxing authority that the delegate represents. Each taxing authority's specific vote is an equally weighted vote of "1".

### Pros

- Promotes a "my vote counts" attitude for all participants.
- Decisions represent the majority of the political subdivisions – operates more like the U.S. Senate where each political subdivision has an equal say.
- No obvious inherent voting blocks.
- Quorums are easier to achieve.

### Cons

- Feelings by the school districts and larger municipalities that they don't have a vote in proportion to their financial obligations.
- Large capital projects could be authorized over the objections of the taxing authorities who pay most of the costs.

## Two Phase Voting

All actions taken by the Board shall be by majority vote of those delegates present, providing a quorum is present at the time of voting. Each delegate shall have the voting power for each taxing authority that the delegate represents.

For votes regarding the setting of the budget, modification of the budget, or for financial transactions outside of the budget (capital purchases, etc.), each taxing authority's specific vote is <<<use language from Option 1A or Option 1B>>>

For non-financial votes, specifically, but not limited to, election of officers, appointments, and employee hiring, termination, or discipline, each taxing authority's specific vote is an equally weighted vote of "1".

### Pros

- Provides a level of comfort to smaller municipalities that they have an effective say in procedural decisions – being able to have an effect on the election of officers who will be various decisions and granted certain powers per the bylaws.
- Proportional vote on financial decisions by taxing authorities who carry the larger share of the costs.
- Quorums are easier to achieve as they would be procedural (head count) based.

### Cons

- Loss of voting power on procedural decisions by the taxing authorities with "the most invested" via earned income revenue.
- Loss of voting power on financial decisions by the smaller municipalities.

## Recommendation

The Bylaws Subcommittee feels that Option 3 is the best overall choice in providing measurable input by all taxing authorities yet maintains significant control over financial decisions by those taxing authorities obligated to carry the larger financial burden.