

Alternative Expenditure Limitation

FREQUENTLY ASKED QUESTIONS



1. WHAT IS IT

In 1980, Arizona voters approved a tax reform package that placed an expenditure limitation on cities and towns. This legislation also allows local voters to approve an exception to the state imposed expenditure limitation in their city or town, known as Home Rule. (*Arizona State Constitution-Article IX, Section 20, subsection 9*)

Under the state-imposed expenditure limitation, a city or town may only spend a certain amount of funds. Regardless of the city or town's revenue or individual needs, its budget is limited by the state-imposed ceiling. Under the Home Rule Option, the city or town may determine its own expenditures based on its budget.

2. WHY IS IT ON THE PRIMARY ELECTION BALLOT

The Town of Payson voters have approved the Home Rule Option every four years since 1980. To continue the Home Rule Option, it must be passed by the voters every four years. It was last passed in 2010.

3. HAVE OTHER CITIES AND TOWNS AUTHORIZED HOME RULE

YES –In 2013, Home rule and permanent adjustments have been voted on and approved in 78 Arizona Cities and Towns.

4. WHAT HAPPENS IF HOME RULE IS NOT CONTINUED

If Home Rule is not approved, the Town of Payson will operate under the existing state-imposed expenditure limit. Under this limit, the Town of Payson may not be able to budget, and therefore expend all the revenues it collects to provide services such as Police, Fire, and Water to Town residents.

The current estimated state-imposed limitation for FY2015-2016 is \$13,289,074. The current FY2013-14 budget is \$31,844,876. The \$13M is only an estimate and subject to changes in population figures and the % change in GDP deflators.

5. DOES APPROVAL OF HOME RULE GIVE THE CITY AUTHORITY TO IMPOSE NEW TAXES

NO – approval to continue Home Rule only allows the Town to spend the revenues it collects as approved in the annual budget.

Home Rule does not change the property tax or sales tax that the Town currently collects.

6. IF HOME RULE IS CONTINUED, WHAT WILL IT MEAN FOR TOWN RESIDENTS

With Home Rule, town residents and the Mayor and Council will continue to decide what level of service is best for Payson.

Home Rule allows the Town to expend the revenues it receives to provide services to residents.

Each year, the Town will set its expenditure limit after citizen input through the budget and public hearing process.

Because the Town is required to have a balanced budget, expenditures will be restricted by available revenues.