



Alternative Expenditure Limitation

AKA Home Rule

FREQUENTLY ASKED QUESTIONS

1. WHAT IS IT

In 1980, Arizona voters approved a tax reform package that placed an expenditure limitation on cities and Cities. However, 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 City of Globe 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 2006.

- 3. HAVE OTHER CITIES AND TOWNS AUTHORIZED HOME RULE YES**— in 2006, 55 communities had adopted Home Rule. In 2009, Home rule and permanent adjustments have been voted on and approved in 75 Arizona Cities and Towns.

4. WHAT HAPPENS IF HOME RULE IS NOT CONTINUED

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

The current estimated state-imposed limitation for FY2010-2011 (next year) is \$8,443,776. The current FY2009-10 budget is \$26 million (includes approximately \$1.5M in WIFA Bond Revenue). The \$8M 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 City 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 City currently collects.

- 6. IF HOME RULE IS CONTINUED, WHAT WILL IT MEAN FOR CITY RESIDENTS** With Home Rule, City residents and the Mayor and Council will continue to decide what level of service is best for Globe.

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

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

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