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Home Rule Option or Permanent Base Adjustment?

City of Apache Junction

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League of Arizona Cities and Towns



State-imposed Spending Limitations

- Constitutional and Statutory
- Economic Estimates Commission (EEC) annually calculates limits based on inflation and population
- Base year 1979-80
- To spend revenues above the limit, cities and towns must have voter approval for one of two options

Home Rule Option

- Any city or town can adopt its own alternative expenditure limitation that is free from any ties to the state imposed expenditure limitation. (Basically, setting your own budget for four years.)
- An alternative limitation may be referred to the city or town voters by a vote of two-thirds of the members of the city or town council or qualified electors of the city or town may offer it through the initiative process.

Home Rule Option

- Must hold two public hearings on the proposed action. Notice of these hearings must be published once a week for at least two consecutive weeks in a newspaper of general circulation within the city or town.
- Detailed information about budget estimates for the next four fiscal years must be provided to the Auditor General's Office. This information will go in a publicity pamphlet sent out to voters.

Home Rule Option

- If the voters affirm the Home Rule Option, then it is in place for four years.
- Following the fourth year, the city or town alternative must be reapproved or a new alternative may be proposed. In other words, you must repeat the detailed procedure involving the Auditor General, publications, election, etc. every four years whether you are reaffirming a previously approved alternative limitation or adopting a new one.

Permanent Base Adjustment

- Any city or town can permanently adjust its state imposed expenditure limitation base if a majority of the qualified electors voting on the issue at a regular city or town election vote in favor of the adjustment.
- The base adjustment is a dollar figure added to the state expenditure limit. The sum of those two dollar figures is then adjusted each year for population and inflation.

Permanent Base Adjustment

- A base adjustment may be referred to the voters by an affirmative vote of two-thirds of the members of the city or town council, or qualified electors of the city or town may propose an adjustment through the initiative process.
- Detailed information about the base adjustment figure must be provided to the Auditor General's Office. This information will go in a publicity pamphlet sent out to voters.

Permanent Base Adjustment

- Any approved permanent base limitation adjustment must be used in determining a city or town's expenditure limitation beginning with the fiscal year immediately following the approval and every year thereafter or until the city or town again adopts a new base.

Home Rule Option vs. Permanent Base Adjustment

- Election Date Options
- Permanent vs. Four-year renewals
- Flexibility

Election Options

“This section does not apply to any political subdivision until the fiscal year immediately following the first regularly scheduled **election** after July 1, 1980 **for the nomination or election of the members of the governing board of such political subdivision**, except that a political subdivision, prior to the fiscal year during which the spending limitation would first become effective, may modify the expenditure limitation prescribed pursuant to subsection (1) of this section, by the provisions prescribed by subsections (2) and (6) of this section, or may adopt an alternative expenditure limitation pursuant to subsection (9) of this section.” **Article IX, Section 20 of the Arizona State Constitution.**

Election Options

“(6) Any political subdivision may adjust the base limit by the affirmative vote of two-thirds of the members of the governing board or by initiative, ...by a majority of the qualified electors voting at a **regularly scheduled general election** or at a nonpartisan election held for the nomination or election of the members of the governing board.”

Article IX, Section 20 of the Arizona State Constitution.

Permanent vs. Four-Year Renewals

Permanent Base Adjustment

- Permanent base adjustment is that if the base amount is set correctly you may never need to go back for an election again
- Adjustment is dollar amount over and above state expenditure
- Adjustment amount plus state expenditure limit are adjusted for population growth and inflation each year.
- Takes a lot more voter education

Permanent vs. Four-Year Renewals

Home Rule Option

- Downside to Four-Year Renewal Cycle
- Easy to explain to voters
- More politically palatable

Flexibility

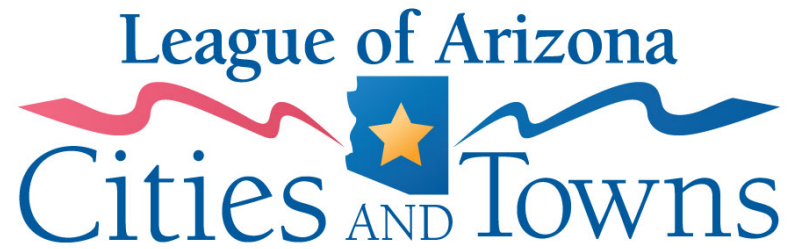
Home Rule Option

- Basically just adopting your budget each year
- No need to know expenditure limit exemptions intimately
- Budget surprises easier to deal with

Permanent Base Adjustment

- Exemptions become very important

Questions?



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