

Alternative
Expenditure Limitation -
Permanent Base
Adjustment

General Election
November 5, 2024



Expenditure Limitation Background

This goes back to 1979 when property taxes were increasing at a rapid rate faster than personal incomes. The voters approved amending article 9 of the Arizona Constitution to limit local government spending. They limited expenditures to the levels of fiscal year 1979-80, with adjustments for inflation and population growth.

Quartzsite's 1979-80 base limit is \$974,825.

What is an Expenditure Limitation?

In 1980 Arizona voters approved a constitutional amendment designed to limit the annual expenditures of all Arizona cities and towns. The law requires that each municipality adopt a limit on its annual expenditures based on a formula that is set by the state.

As Arizona municipalities began experiencing the growth that we still see today, with their revenues and budget demands growing, it became obvious that the state formula set no longer reflected the revenue and expenditure needs of a rapidly growing state.

What is an Expenditure Limitation?

Article 9-29(9) of the Arizona Constitution allows Cities & Towns to adopt an alternative expenditure limitation with voter approval. That approval must be at a regularly scheduled election.

Arizona Constitution was then amended to provide options to accommodate these growing financial needs. These options allow voters to authorize the Town Council to adopt an alternative method for setting the Town's expenditure limit. This is known as the Alternative Expenditure Limitation.

Certain expenditures such as debt service payments, federal grants, and "excess" highway user revenue funds, among other items, are specifically excluded from the calculation of the expenditure limitation.

What is a Permanent Base Adjustment?

A Permanent Base Adjustment allows a city or town to permanently adjust its base limit with voter approval. The Economic Estimates Commission will use the adjustment to calculate the expenditure limitation beginning with the fiscal year immediately following the fiscal year that voters approved the Permanent Base Adjustment.

Permanent Base Adjustments apply to all future years, until new base is adopted by voters.

This will allow the Town of Quartzsite to permanently adjust the state's base expenditure amount based on current needs, rather than using the state-imposed limitation.

Permanent Base Adjustment

No public hearing is required; however, a resolution is needed to move forward with ballot measure. The Town will hold two public hearings before resolution is presented to Council.

Must be approved by the voters.

Detailed & Summary Analysis must be submitted to the Auditor General for review prior to the election.

Permanent Base Adjustment

If the ballot measure fails:

- The Town will be subject to the State-imposed limitation.
- The Town would not be able to present an additional alternative expenditure limitation to voters for a two-year period.
- Council will need to make decisions on priorities for operations within limitation.
- Town will not be able to spend the revenue budgeted/received for approved operations.

Permanent Base Adjustment

If the ballot measure fails continued:

- Impacts town-wide operations including public safety, streets & roads, utilities, parks and recreation and administration operations.

Quartzsite's 1979-80 Base Limit is \$974,825

Permanent Base Adjustment

If the ballot measure passes:

- The Town will operate under the Permanent Base option for budgeting its expenditures.
- It allows the Town to be able to spend the revenues received (budgeted) rather than limited by the State expenditure limit formula.

Permanent Base Adjustment

If the ballot measure passes continued:

- This does **NOT** raise or impose taxes, **AND** it does **NOT** allow the Town to spend more than it receives in revenue.
- Quartzsite's annual budget will continue to be subject to all state laws. Including the requirement that town must pass balanced budgets and spend no more than received.

General Election Timeline for PBA

April 1, 2024

Receive State-imposed expenditure limitation

May 7, 2024

Council Meeting: Adopt Call of Election for PBA (this is optional but recommended)
Publish Call of Election (for 2 consecutive weeks)

TBA (May)

Provide ballot language to La Paz County

TBA (May)

Public Hearings Notices

June 18, 2024

Council Meeting: Adopt Resolution on Permanent Base Adjustment

General Election Timeline for PBA

July 8, 2024	Submit detailed & summary analyses & summary analysis worksheet to Auditor General
July 29, 2024	Receive reviewed detail and summary analysis and summary analysis worksheet from Auditor General
August 7, 2024	Last day to receive arguments “for” or “against” PBA
August 16, 2024	Complete preparation of publicity pamphlet, send draft to Auditor General
Sept. 6, 2024	Send publicity pamphlet to printer after corrections are made.

General Election Timeline for PBA

November 5, 2024

General Election

November 19, 2024

Council Meeting: Canvass the vote at regular meeting
(or can call special meeting as long as before Nov. 25th)

Inform Auditor General's Office & Economic Estimates Commission
of the results



Thank you!