



# Alternative Expenditure Limitation (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 towns. This legislation also allows local voters to approve an alternative to the state imposed expenditure limitation in their city or town, known as Home Rule. (*Arizona State Constitution-Article IX, Section 20*).

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 1982. To continue the Home Rule Option, it must be passed by the voters every four years. It was last passed in 2018.

### 3. HAVE OTHER CITIES AND TOWNS AUTHORIZED HOME RULE?

**YES** – Home Rule and permanent adjustments have been voted on and approved in more than 87% of Arizona Cities and Towns.

### 4. DOES APPROVAL OF HOME RULE GIVE THE CITY AUTHORITY TO IMPOSE NEW TAXES?

**NO** – Home Rule does not change the property tax or sales tax the Town currently collects. Approval to continue Home Rule only allows the Town to spend the revenues it collects, as approved in the annual budget.

### 5. WHAT HAPPENS IF HOME RULE IS NOT CONTINUED?

If Home Rule is not approved, the Town of Payson will operate under the State-imposed expenditure limit. Under this limit, the Town of Payson may not be able to expend all the revenues it collects to provide services such as police and fire protection, water, parks, and library services to Town residents.

The current 2021/2022 budget for the Town of Payson is \$49,511,900. The State imposed limit for 2021/2022 is \$18,172,790 (including estimated revenue exclusions). If the Home Rule Option was not in effect, the Town would have to cut more than \$31 million (62% reduction) in services from its budget.

### 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 resources.