



# Town of Queen Creek

## Arizona Expenditure Limitation – Home Rule Renewal Option

Town Council Meeting

August 4, 2021

# Background

- Enacted in 1979/80 by the Arizona Legislature to Limit Government Spending

- Property taxes were increasing at a greater rate than personal incomes
- Uses 1978 population and 1979/80 “Base Limit”
- Base adjusts every year for population and inflation

Queen Creek: 2,525 population (estimate)

\$818,277 base (estimate)

- Local Options Exist to Override the Limit

1. Home Rule
2. Permanent Base Adjustment



# Home Rule

- **Voter Approval is Required**
  - Current Home Rule Expires FY 2022/23
- **Effective for Four Years**
  - FY 2023/24 to FY 2026/27
- **Expenditure Limit is the Adopted Budget**
  - Exclusions may apply (e.g., Kingman excluded enterprise funds [water, sewer, airport])
- **Town's Approach Since Incorporation**
  - Last Election (2018): 76% Voter Approval



# Expenditure Limitation – by the numbers

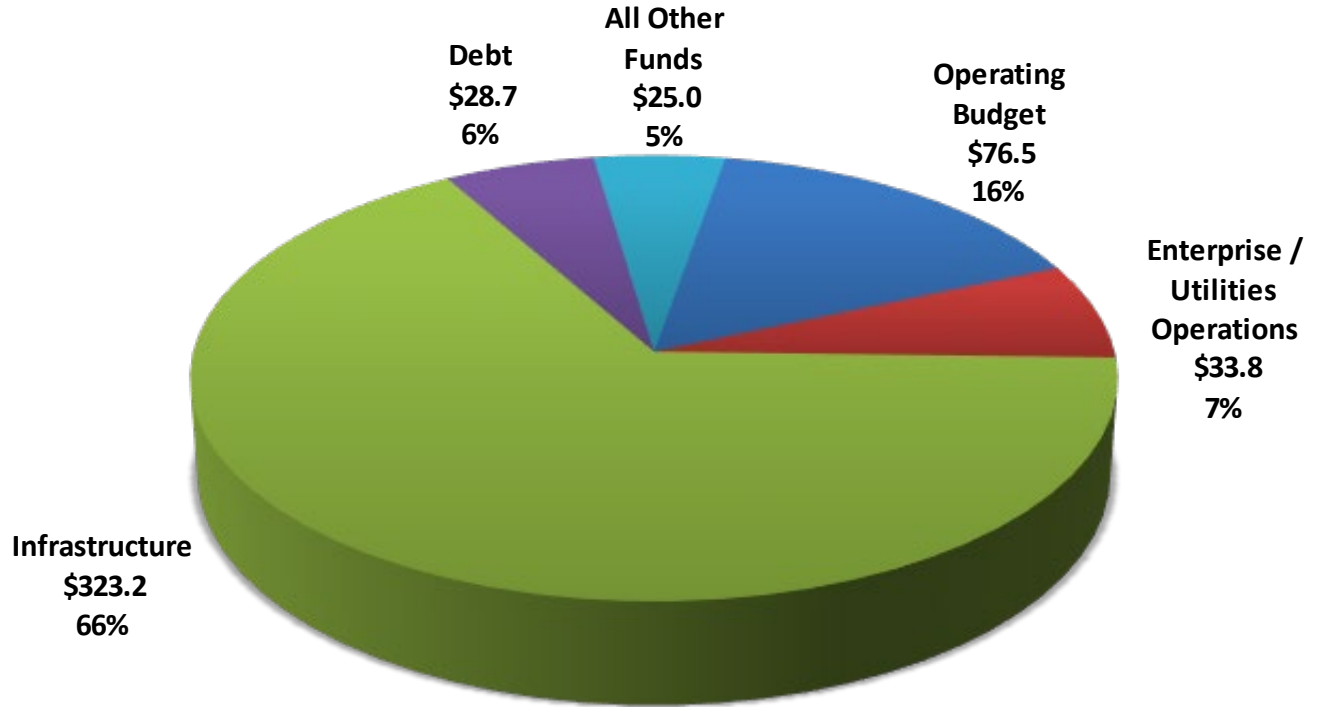
(in millions)

Fiscal Year	Home Rule Expenditure Limit (Adopted Budget) (A)	Actual Expenditures (B)	Expenditure Limit w/o Home Rule (C)	Amount Subject to Cuts (C – B)
2019/20	\$452.7	\$239.3	\$49.2	(\$190.1)
2020/21	\$409.1	\$192.3*	\$57.4	(\$134.9)*
2021/22	\$487.2	n/a	\$63.5	n/a

\* Preliminary Estimate – final amount will be known after FY 2020/21 audit is complete.

# FY 21-22 FINAL BUDGET – ALL FUNDS

## \$487.2M



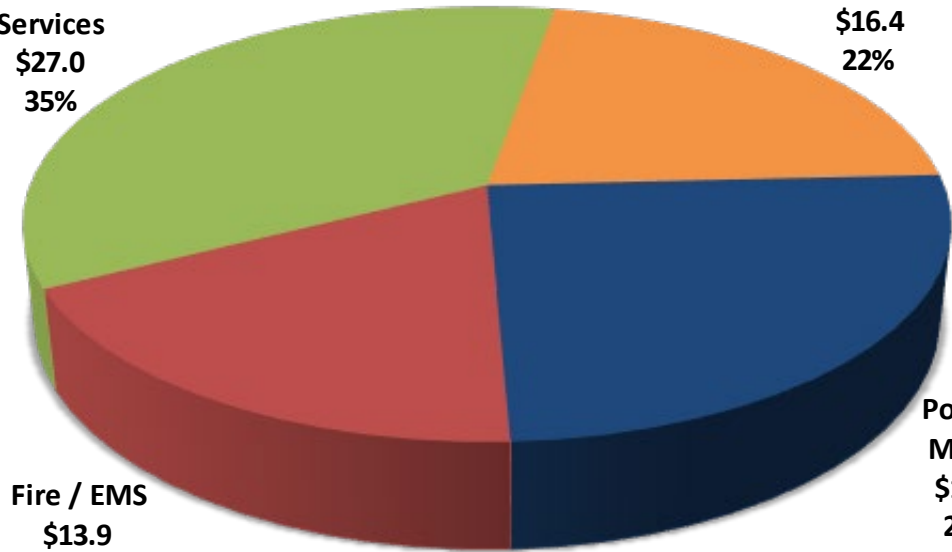


# FY 21-22 OPERATING BUDGET \$76.5M BY PROGRAM



**All Other  
Services  
\$27.0  
35%**

**Transportation  
\$16.4  
22%**



**Fire / EMS  
\$13.9  
18%**

**Police /  
MCSO  
\$19.2  
25%**

# Renewal Is Critical

- Requires a 2/3 Town Council Vote to be Placed on the Ballot
- Unable to Provide Current Service Levels to Existing or Future Residents and Businesses
  - ~\$135M Expenditure Reduction Required
- Infrastructure Spending Would be Inadequate
- Not About Revenues – They Remain Unchanged



# Comparison – Home Rule vs. Permanent Base Adjustment



	Home Rule	Permanent Base Adjustment
Voter Approval	Every 4 Years	One Time
Expenditure Limit	Annual Adopted Budget	Approved Base, Adjusted for Population and Inflation
Exclusions	TBD	TBD
Example Cities	Mesa Chandler Avondale Prescott Marana	Gilbert Scottsdale Tempe Goodyear Apache Junction Florence



# Why Raise This Issue Now?

- **First Deadlines are in February**
  - Only 6 months away
  - Updated numbers presented to Town Council in late 2021
  - Public notices & outreach begin Spring 2022
- **Other Ballot Items in August 2022**
  - Mayor and 3 Town Council Seats
  - Utility Franchise Agreement



# Council Options



	Home Rule	Permanent Base Adjustment
Voter Approval	Every 4 Years	One Time
Expenditure Limit	Annual Adopted Budget	Approved Base, Adjusted for Population and Inflation
Exclusions	TBD	TBD
Example Cities	Mesa Chandler Avondale Prescott Marana	Gilbert Scottsdale Tempe Goodyear Apache Junction Florence



# Discussion and Questions