

HOME RULE

- LOCAL CONTROL OF MUNICIPAL BUDGETING -

City of Mesa

05/12/2022

Brian A. Ritschel – Management and Budget Assistant Director



THE ARIZONA CONSTITUTION

- Requires the adoption of a balanced budget. Estimated revenues and resources equal to appropriated expenditures.
- Imposes an expenditure limitation for all cities and towns based on FY1979/80, adjusted for population growth and inflation.
- Allows for local election approval of an Expenditure Limitation Alternative.

CITY OF MESA CURRENT HOME RULE

A home rule alternative was approved by voters in March 2000

It was renewed in March 2004, March 2008, November 2010, November 2014, and November 2018

The current authorization will expire June 30, 2023

Renewal in November 2022 would be effective until June 30, 2027

WHY THE STATE EXPENDITURE LIMITATION FORMULA DOES NOT WORK

- Does not take into account voter approved revenue streams

FY 21/22

- Public Safety Sales Tax \$35M
- Quality of Life Sales Tax \$35M
- Local Streets Sales Tax \$40M
- General Fund Sales Tax \$25M

- Does not take into account new revenue streams and changes to accounting structure

FY 21/22

- Environmental Compliance Fee \$15M
- Employee contributions to medical/dental \$30M

IMPACT IF HOME RULE IS NOT CONTINUED

- The FY 23/24 budget would need to be reduced by about \$810M from the expenditures that are subject to the limitation
- Expenses NOT subject to the limitation are:
 - Bond proceeds, some Debt Service, Highway User Funds, Community Facilities Districts, Joint Ventures, Grants, most of the Trust Funds, etc.
- The bulk of the expenses subject to the limitation are:
 - General Governmental Funds, Public Safety Sales Tax, Local Streets Sales Tax, and Utility Fund

HOME RULE ACTIONS





mesa·az