

RESOLUTION NO. 12204

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MESA, MARICOPA COUNTY, ARIZONA, PROPOSING A PERMANENT ADJUSTMENT OF \$148 MILLION TO THE 1979-80 EXPENDITURE BASE LIMIT THAT IS USED TO CALCULATE THE CITY'S ANNUAL EXPENDITURE LIMITATION.

WHEREAS, Article IX, Section 20 of the Arizona Constitution provides annual expenditure limits for municipalities that are calculated using a formula based on the expenditures from fiscal year 1979-80 (the "1979-80 Base Limit"). The City of Mesa's Base Limit from 1979-80 is \$54,090,640. Each year the 1979-80 Base Limit is multiplied by an inflation factor and a population growth factor to determine the City's annual expenditure limit.

WHEREAS, the Arizona Constitution provides two ways for a municipality to modify the state-imposed expenditure limitations, each of which requires voter approval. The first option is known as home rule, and it permits a municipality to adopt an alternative expenditure limitation for a period of four years. Home rule provides flexibility by allowing a municipality to set its own expenditure limitation as long as it does not spend more resources than it has. However, the home rule option must be submitted to the voters every four years.

WHEREAS, the second option is known as the permanent base adjustment, which allows a municipality to permanently adjust the 1979-80 Base Limit used to calculate the annual expenditure limit. Similar to home rule, a municipality may only spend the resources it has. The new base limit will remain the same unless future adjustments are voter approved. Because a base adjustment is permanent, it allows a municipality to better predict and plan its future budgets for critical municipal functions such as public safety.

WHEREAS, the City of Mesa voters first approved home rule in March 2000, and since then have approved home rule six times, in 2004, 2008, 2010, 2014, 2018, and 2022.

WHEREAS, the City Council has determined that, compared to home rule, a permanent base adjustment provides more certainty and will allow the City to better plan its future budgets to fund critical municipal services.

WHEREAS, the City Council has determined that a permanent base adjustment of \$148 million is estimated to provide expenditure capacity for 30 years.

WHEREAS, the permanent base adjustment will not raise taxes or alter the requirement that the City may only spend resources it has.

Now, therefore, be it resolved by the City Council of the City of Mesa as follows:

Section 1. Ballot Question. The following question shall be submitted to City of Mesa voters at the next general election:

As allowed by the Arizona Constitution, shall the City of Mesa permanently adjust the 1979-80 expenditure base limit by \$148 million, which will not increase taxes and which is estimated to provide annual expenditure capacity for 30 years?

Section 2. Ballot Measure Language. The City Clerk is directed to provide to the Maricopa County Recorder's Office, in substantially the form set forth in this Section 2, the official title, descriptive title and questions, and ballot tagline for the Permanent Base Adjustment proposed by this Resolution to be placed on the ballot at the next general election. Notwithstanding the foregoing, the City Council acknowledges that the language may need to be modified for election or legal purposes, including spacing availability on a ballot. Therefore, the City Clerk is authorized to modify the language set forth in this Section 2 at her discretion, for any reasonable purpose.

OFFICIAL TITLE: Proposing a permanent adjustment to the City of Mesa's 1979-80 expenditure base limit that is used to calculate the City's annual expenditure limitation.

DESCRIPTIVE TITLE: As allowed by the Arizona Constitution, the City of Mesa seeks a permanent adjustment of \$148 million to the 1979-80 expenditure base limit that is used to calculate the City's annual expenditure limitation. This will not increase taxes and is estimated to provide expenditure capacity for 30 years.

A "YES" vote shall have the effect of permanently adjusting the City's expenditure base limit by \$148 million. This is not a tax increase.

A "NO" vote shall have the effect of retaining the existing expenditure base limit set in 1979-80.

TAGLINE: As allowed by the Arizona Constitution, shall the City of Mesa permanently adjust the 1979-80 expenditure base limit by \$148 million, which will not increase taxes and which is estimated to provide annual expenditure capacity for 30 years?

A "YES" vote shall have the effect of permanently adjusting the City's expenditure base limit by \$148 million. This is not a tax increase.

A "NO" vote shall have the effect of retaining the existing expenditure base limit set in 1979-80.

Passed and adopted by the City Council of the City of Mesa, Maricopa County, Arizona this 20th day of May, 2024.

APPROVED:

Mayor

ATTEST:

City Clerk