

HOME RULE

- LOCAL CONTROL OF MUNICIPAL BUDGETING -

City of Mesa

05/12/2022

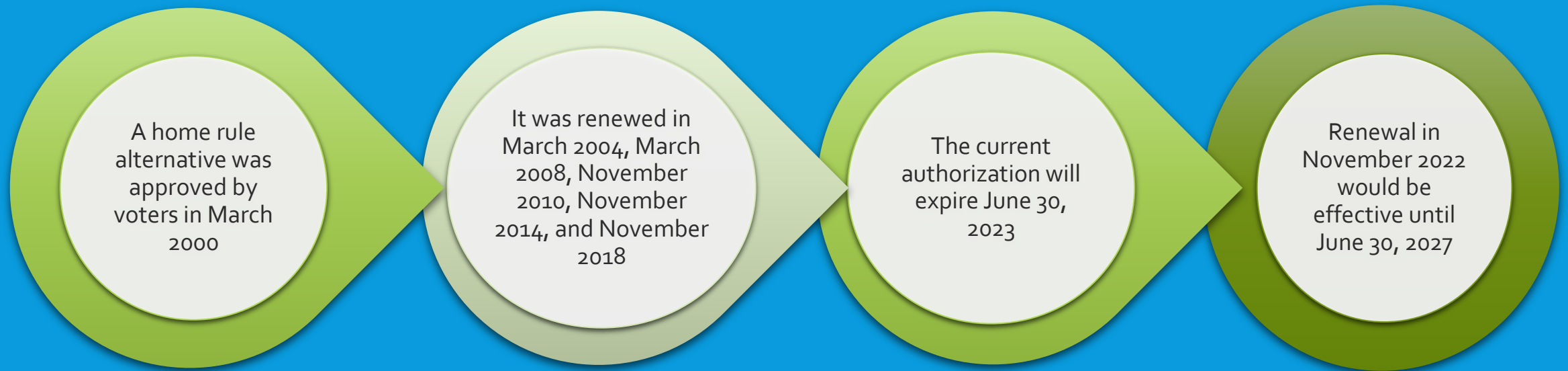
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THE ARIZONA CONSTITUTION

- 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



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





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