

**PROPOSITION 400 – PROPOSED ALTERNATIVE EXPENDITURE LIMITATION -
“HOME RULE” OPTION
Frequently Asked Questions**

WHAT IS AN ALTERNATIVE EXPENDITURE LIMITATION (HOME RULE)?

The Arizona Constitution and Arizona Revised Statutes impose limitations on the use of local revenues. The state-imposed limitation is based on Fiscal Year 1980 expenditures, which grow annually based on an inflation factor and population growth. If the use of the state-imposed limitation does not allow for the full utilization of local revenues, then the budget laws allow for the use of an Alternative Expenditure Limitation Home Rule Option, which must be approved by city voters.

WHY IS THIS ISSUE ON THE GENERAL ELECTION BALLOT?

Recognizing the potential state-imposed expenditure limitation impact on the City’s ability to provide services, Tucson’s Mayor and Council approved placing Proposition 400, the Proposed Alternative Expenditure Limitation (Home Rule Option), on the November 3, 2009, General Election ballot for consideration by city voters.

The Arizona Constitution requires that the Home Rule alternative expenditure limitation be approved by voters every 4 years. The current Home Rule alternative expenditure limitation will expire on June 30, 2010. If approved, the new alternative expenditure limitation will be effective from July 1, 2010, through June 30, 2014.

HAVE OTHER ARIZONA CITIES AND TOWNS AUTHORIZED HOME RULE?

Home Rule and Permanent Base Adjustments have been voted on and approved in 75 Arizona cities and towns, including Chandler, Kingman, Marana, Mesa, Oro Valley, Phoenix, Prescott, and Sahuarita.

WHAT HAPPENS IF HOME RULE ISN’T CONTINUED?

If Proposition 400 is not approved, the City of Tucson will continue to operate under the existing state-imposed expenditure limit. Under this limit, the City of Tucson may not be able to expend all the revenues it collects to provide services such as Police, Fire, Water and Environmental Services, etc., to city residents. Examples of these revenues are city and state sales taxes, state-shared income taxes, impact fees, and Water and Environmental Services fees.

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

No. Approval to continue only allows the City to spend the revenues it collects as approved in the annual budget. Home Rule does not change the property tax or sales tax that the City currently collects.

IF HOME RULE IS CONTINUED, WHAT WILL IT MEAN FOR CITY RESIDENTS?

With Home Rule, city residents and the Mayor and Council will continue to decide what level of service is best for Tucson. Home Rule allows the City to expend all the revenues it receives to provide services to residents. Each year, the City will set its expenditure limit after at least one public hearing for citizen input. Because the City is required to have a balanced budget, expenditures will be restricted by available revenues.