

Proposition 415 – Alternative Expenditure Limitation (Home Rule Option)

SHALL THE TOWN OF PINETOP-LAKESIDE ESTABLISH THE TOWN'S ALTERNATIVE EXPENDITURE LIMITATION (HOME RULE OPTION) FOR FOUR YEARS (2019-2020, 2020-2021, 2021-2022 AND 2022-2023)?

Fast Facts:

- Proposition 415, the Alternative Expenditure Limitation (Home Rule Option), provides local control to meet local needs, instead of having to use a state-imposed formula based upon our 1979/1980 budget.
- Proposition 415 does **NOT** impose any new or additional taxes and does not raise existing taxes.
- Proposition 415 will **NOT** permit the Town of Pinetop-Lakeside to expend more than it receives in revenue.
- Proposition 415 Alternative Expenditure FAQs:
 1. **What is an Expenditure Limitation Election?**

In 1980 the electors of the State of Arizona approved a tax reform package that placed a new expenditure limitation on cities and towns. This limitation is based on expenditures in 1979 adjusted for population changes and inflation. State law allows local governments to alter the state-imposed limitation or adopt an alternative expenditure limitation (Home Rule Option) by referring the issue to the voters.
 2. **Why adopt a Home Rule Option (Alternative Expenditure Limitation)?**

Any city or town can adopt its own "alternative" expenditure limitation that is free from any ties to the state-imposed limitation if a majority of the qualified electors voting on the issue at a town regular election vote in favor of the alternative limitation. There are no limitations on the form of this alternative limitation. An alternative limitation may be referred to the town voters by an affirmative vote of two-thirds of the members of the town council or qualified electors of the town may offer an alternative limitation through the initiative process (Article IX, Section 20, subsection 9, Arizona State Constitution).
 3. **What is a State-Imposed Expenditure Limitation?**

Municipalities have the power to change their state-imposed expenditure limitation through voter approval. 85% of Arizona municipalities have changed their limit through either Home Rule or Permanent Base Adjustment options. Home Rule election is conducted every four years; our last successful Home Rule election was in 2007. Home Rule is flexible because voters approve the option every four years. After voter approval, the expenditure limitation authority is part of the budget process.
 4. **When is the last time the Town adopted a home rule option?**

It was last approved by the voters on May 15, 2007. The Home Rule Option remained in effect for four years and was referred for an extension on May 17, 2011, but was not approved by the voters.

5. What is Proposition 415 Alternative Expenditure Limitation (Home Rule Option) and why is it on the ballot?

Pinetop-Lakeside voters are being asked to consider an Alternative Expenditure Limitation (Home Rule) option on the November 6, 2018 ballot. This option would eliminate the base dollar amount used under the state formula to calculate the Town’s expenditure limitation. In 1979/80 an Arizona State Constitution amendment imposed expenditure limitations on all cities and towns in Arizona based on their 1978 actual expenditures and population (with an allowance for inflation). Like most cities and towns, Pinetop-Lakeside has seen significant growth since 1978. The Town incorporated in 1984. Because the Town did not incorporate until after the Constitution amendment, the State calculated our base rate. The Town now provides many services it did not provide in 1984, such as its parks and recreation facilities and programs, library services and programs, new streets, and sidewalks. As Pinetop-Lakeside has grown, so too have revenues and operating costs.

6. Will Proposition 415 increase my taxes?

NO. If Proposition 415 passes, the only outcome is that it provides the Town of Pinetop-Lakeside the ability to budget for and spend the revenues it already collects. The Home Rule Option does not empower the Pinetop-Lakeside Council to create new and additional taxes, nor does it enable the Town to spend beyond the revenues it receives.

It is important to note that the Home Rule option is not an increase or decrease in tax rates. Funding estimates are based on existing income sources that the Town already receives. These income sources would continue to be received by the Town under the state-imposed budget limit, but could not be spent in the full delivery of services to the community.

7. What does a “Yes” vote on Proposition 415 mean?

A “Yes” vote means you are in favor of giving the Town’s elected officials the expenditure authority to set the Town’s annual spending limit based upon available revenues.

8. What does a “No” vote mean?

A “No” vote means you are not in favor of giving the Town of Pinetop-Lakeside additional expenditure authority and that you want the Town to stay strictly within the State Expenditure Limitation Program.

9. What will happen if Proposition 415 is NOT APPROVED?

If the alternative limitation is not approved by a majority of the qualified electors, the Town of Pinetop-Lakeside will operate under the existing State imposed expenditure limit. Under this limit, the Town may not be able to budget, and therefore expend all the revenues it collects to provide services to Town residents.

10. How can I find out about voting information such as polling places and times?

Look for your November 6, 2018, General Election information pamphlet to arrive in the mail for such details. You may call the Town Clerk’s office at 928-782-2180 or go online to www.pinetoplakesideaz.gov for more details.