



What's on my Ballot?

Expenditure Limit 101



During the General Election on November 5, 2024, Gilbert voters will decide whether to approve two questions on the ballot related to the state-imposed expenditure limit:



Prop 497: Permanent Base Adjustment

an adjustment to the Town's current expenditure limit



Prop 498: Capital Projects Accumulation Fund

an exemption to exclude capital improvement projects from the expenditure limit

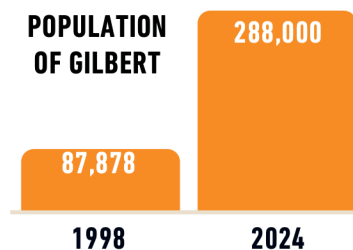
Voters can approve both questions—they do not have to choose one or the other. Approval of these items is not a tax increase. The Town will still be required to have a balanced budget each year and cannot spend more than it receives in revenue.

Arizona limits how much local cities and towns can spend regardless of the revenues received.

This state-imposed expenditure limit is based off the 1979-1980 fiscal year budget and then increased each year for population growth and inflation.

The expenditure limit is not automatically adjusted for changes in service levels and things have changed a lot in Gilbert since the last time this limit was adjusted in 1998.

Gilbert's population was **87,878** in 1998.



Since then, Gilbert has evolved from a smaller, rural town into a thriving, full-service community which has required a significant expansion of municipal services.

Approving the **Permanent Base Adjustment** in November will allow Gilbert to continue to meet the anticipated needs of the community now and into the future.

90%

of Arizona cities and towns have already taken corrective action to ensure better local control of their budgets by addressing this state-imposed expenditure limitation with voter approval.



Gilbert services have changed dramatically since 1998:

- Constructed 11 new fire stations and launched an in-house ambulance service
- Made significant upgrades to roads, traffic signals and other critical infrastructure
- Developed and expanded three water and wastewater treatment plants
- Added multiple public safety buildings, including the Public Safety Training Facility
- Established an Environmental Compliance Department and opened the Household Hazardous Waste Facility
- Built three new pools and built or expanded multiple parks
- Constructed Freestone Recreation Center and McQueen Park Activity Center
- Two libraries were completed (Southeast Regional Library and Perry Library)



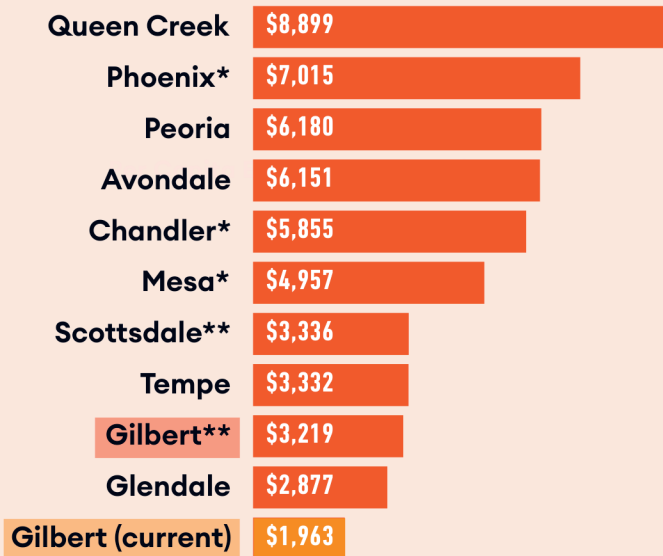


Prop 497: Permanent Base Adjustment

The chart below shows the most recent data for valley cities and includes what Gilbert's expenditure limit would have been in FY2024 if the proposed change had been in place at that time.

The proposed **Permanent Base Adjustment** for Gilbert would increase the expenditure limit base by \$1.5M and would leave Gilbert at the low end of the city comparisons.

PER CAPITA EXPENDITURE LIMIT FOR FY2024



*Expenditure Limitation based on voter approved Home Rule

**If the Proposed PBA was in place for FY2024



Prop 498: Capital Projects Accumulation Fund

Council Voted to Add Capital Projects Accumulation Fund to November Ballot

A second change that voters are allowed to approve for the state-imposed expenditure limit is a Capital Projects Accumulation Fund. This option would exclude capital improvement projects from the expenditure limit.

Approving the Capital Projects Accumulation Fund exemption would allow Gilbert to cash fund capital projects without the risk of exceeding the state-imposed expenditure limit and without incurring interest and repayment costs associated with bonding.

Projects that are financed through bonds are excluded from the state-imposed expenditure limit. This means that municipalities can bond for capital projects in order to stay under the limit.

The Capital Projects Accumulation Fund exemption is not a tax increase.

During prior fiscal years, the Town has successfully operated under the state-imposed expenditure limit. However, necessary capital improvement projects in the coming years are anticipated to exceed the expenditure limitation. If the Town exceeds the state-imposed expenditure limit, the penalty in statute is for the state treasurer to withhold Gilbert's state shared income tax revenues and redistribute them to the other cities and towns (not including Gilbert). The maximum penalty could be approximately \$60M per year, which would reduce funding available for Town operations and infrastructure needs.

The Gilbert Town Council held public hearings on May 21 and June 4 to discuss placing the Capital Projects Accumulation Fund on the ballot in November. Directly after the second public hearing on June 4, the Town Council voted to include the Capital Projects Accumulation Fund option on the November 5, 2024, General Election Ballot.



FIND THE BALLOT ITEMS
THAT MATTER TO YOU



Learn more about the upcoming General Election on
November 5 and find information about how to
register to vote gilbertaz.gov/GeneralElections