AGENDA MATERIAL
DATE 2/9/26 ITEM NO. RA 4

PIMA COUNTY
FINANCE & RISK MANAGEMENT

Expenditure Limit Base Level Increase

February 9, 2026

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Expenditure Limit Overview

- State Constitutional amendment passed by voters in 1980 to limit growth of local government.
  - Accompanied by levy limit amendment
  - Affects all counties, community college district, cities, and towns
  - Limits growth of expenditures

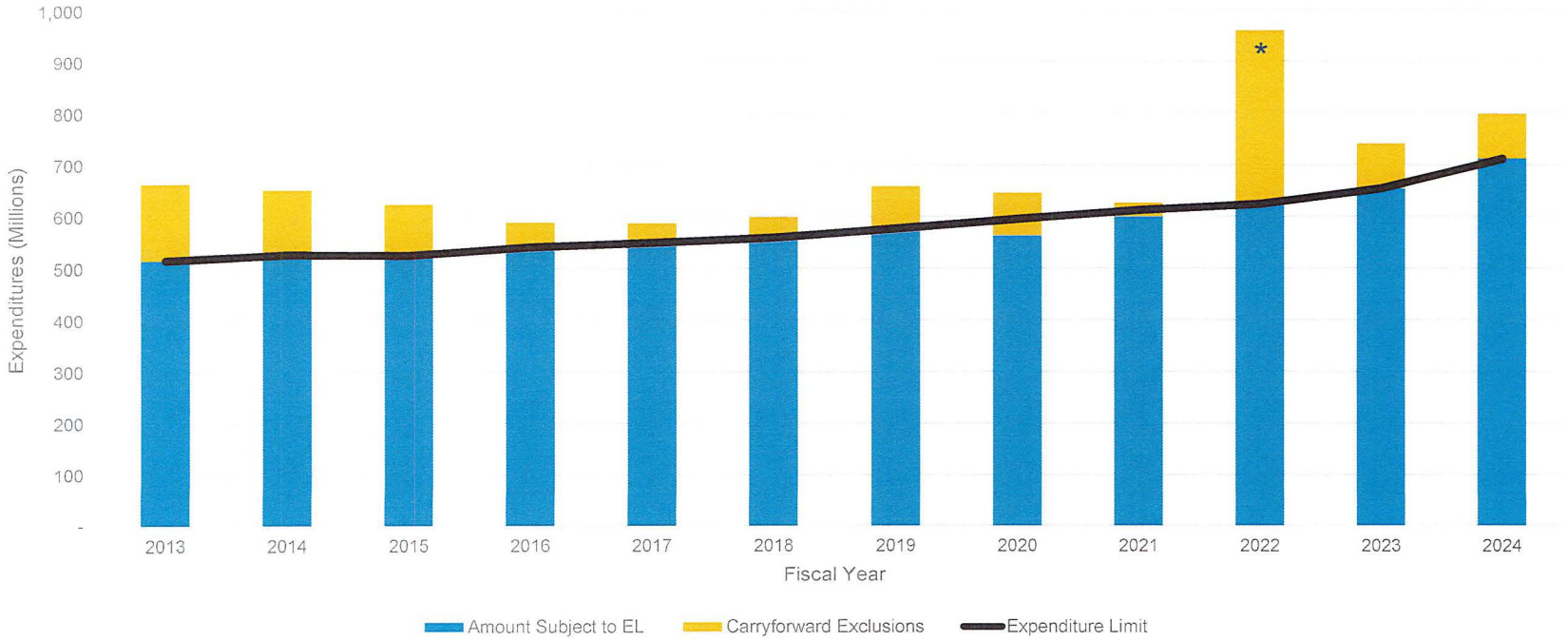
- Expenditure Limit does not set a jurisdiction's taxing authority.
  (***does not raise property or sales tax***)

- Calculated as follows:

  EL = 1980 base limit x population growth x inflation

  FY26 EL = $93,755,872 x 2.1637 x 3.7566 = $762,073,160

Pima County Expenditure Limit Utilization



* The large increase in FY22 carryforward exclusions resulted from $266M in pension obligation proceeds received in FY21 but not expended until FY22 due to budget authority constraints.

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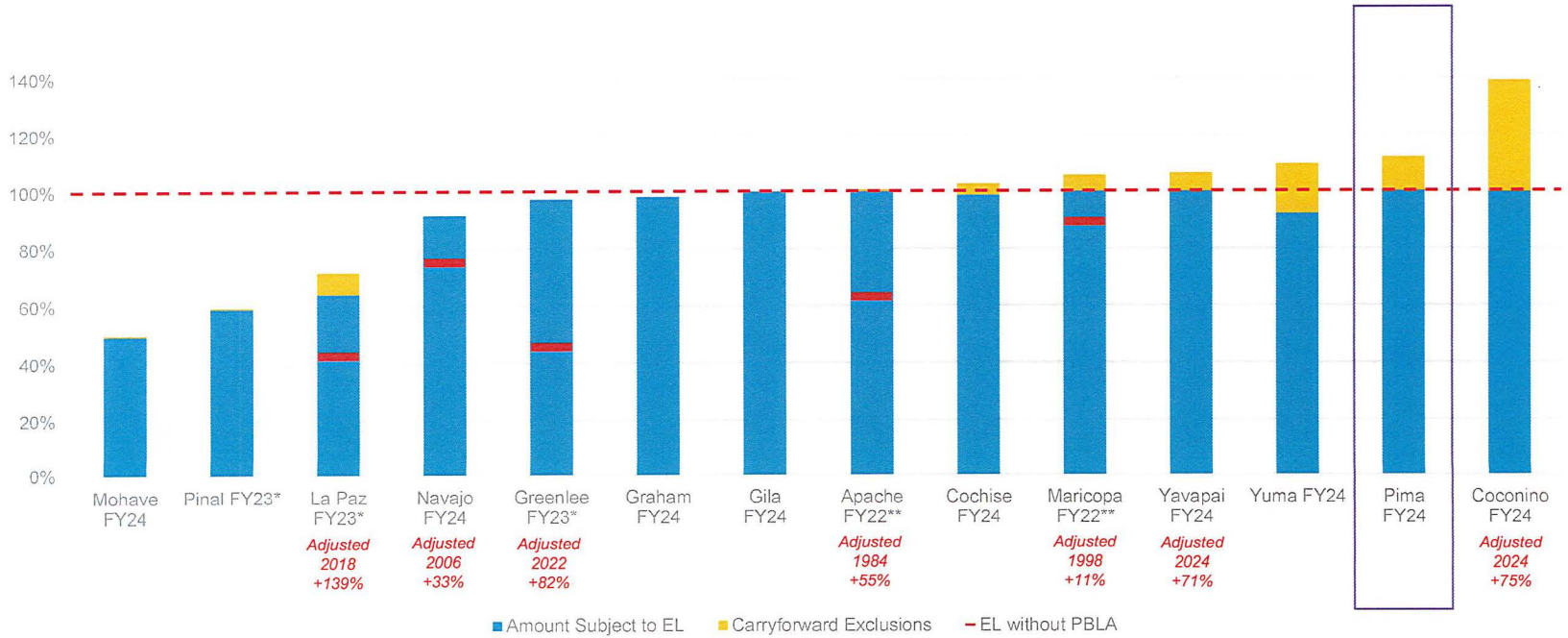
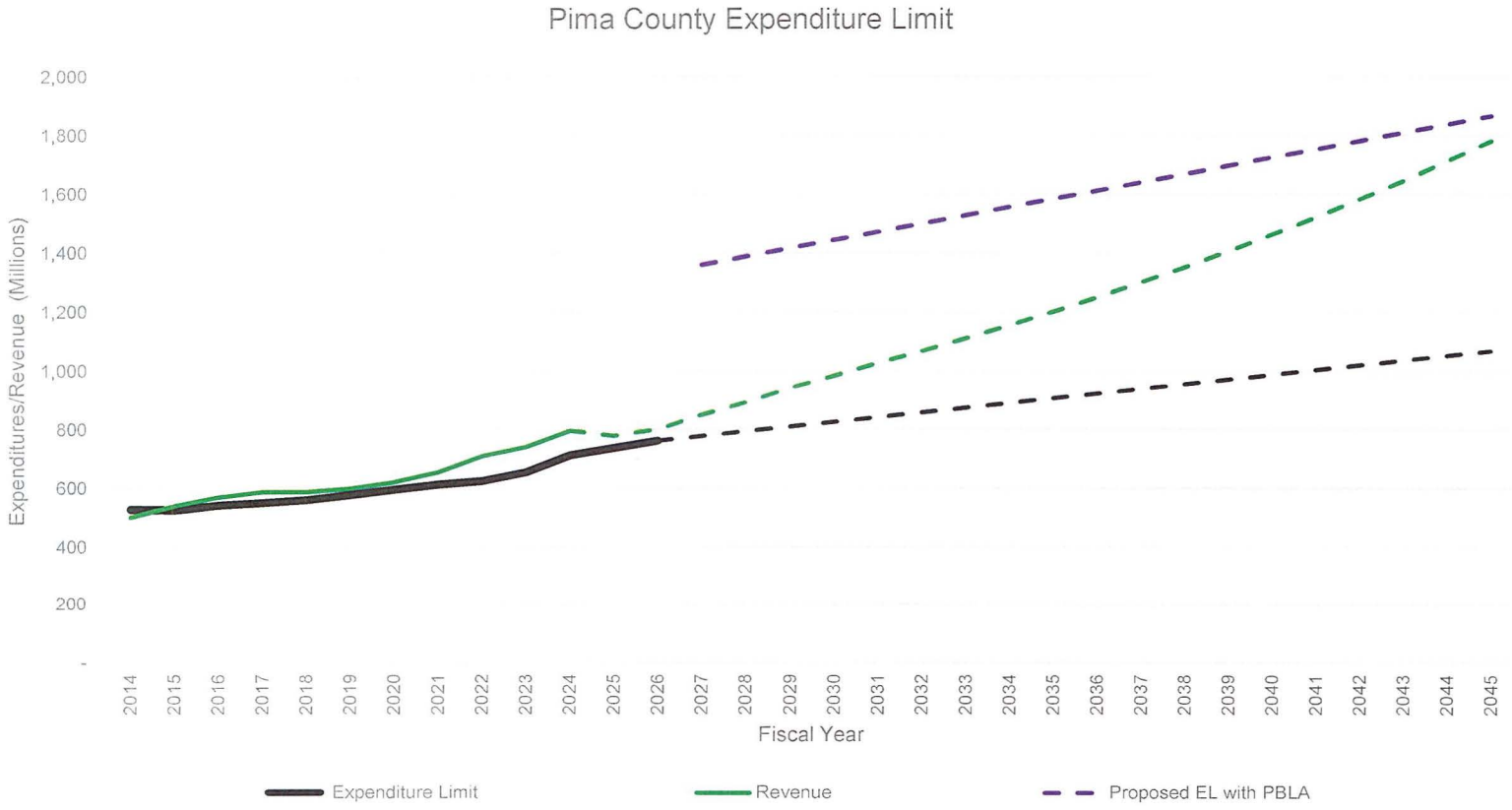
How does Pima Compare to Other Counties?



What Does the Future Look Like?



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Implications of Exceeding Expenditure Limit

- If a County exceeds their expenditure limit, the County is required to reduce its ***levy*** limit in the following fiscal year by the amount exceeded.

  - For FY23 (TY22), EL was $654M and subject expenditures were $741M
    - County used $87M in carryforward exclusions to meet EL; otherwise, County would have had to subtract that amount from the levy limit for TY24.

  - For FY25 (TY24), levy limit of $531M would have been reduced to $444M
    - Actual levy for TY24 was $461M, County would have had a $17M shortfall.

Pima County Options

Single Year Override

- Must be for a specified amount and purpose
- Override is only effective for specified fiscal year

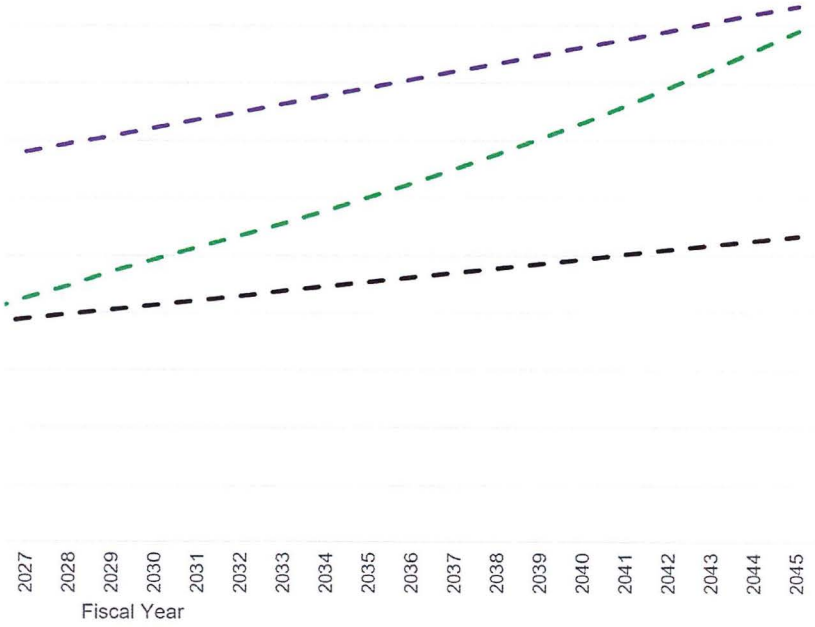
Permanent Base Limit Adjustment

- Permanently raises expenditure limit
- No statutory limit on amount of adjustment
- Approval does not raise taxes or grant Board of Supervisors additional authority to levy taxes
- (Maricopa, Coconino, Yavapai, Navajo, Greenlee, and LaPaz counties; along with Tucson, Marana, and Oro Valley have done a PBLA)

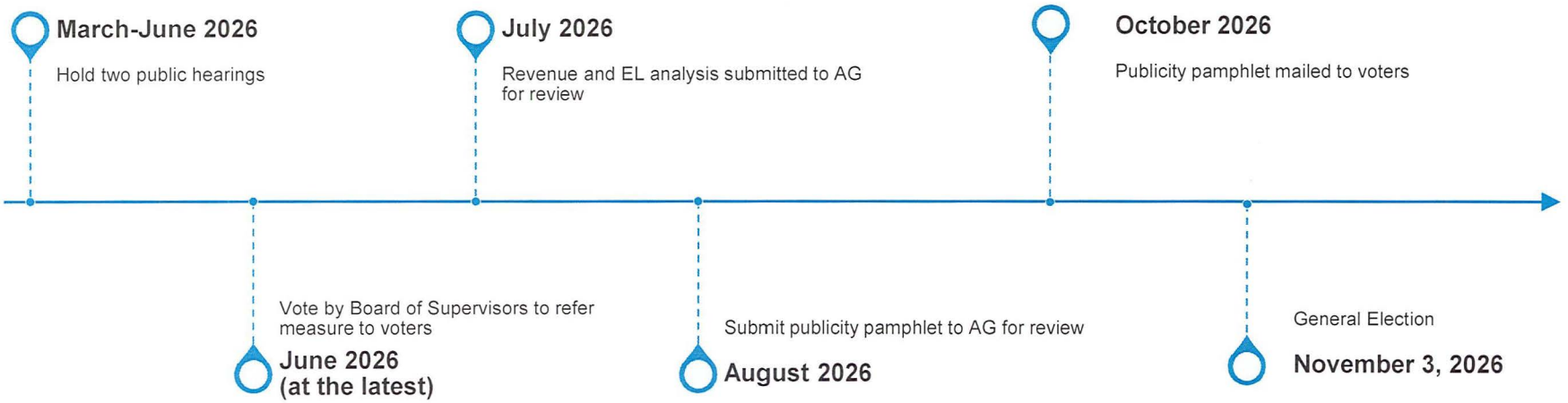
Either option requires voter approval

Permanent Base Limit Adjustment

- County can request from voters any dollar limit increase to the base limit
- A $10M base limit increase would increase the expenditure limit by ~$80M or 11%
- A $70M base limit increase would increase the expenditure limit ~ $590M for FY 2028 or 75% increase over 1980 base limit



What are the Steps?

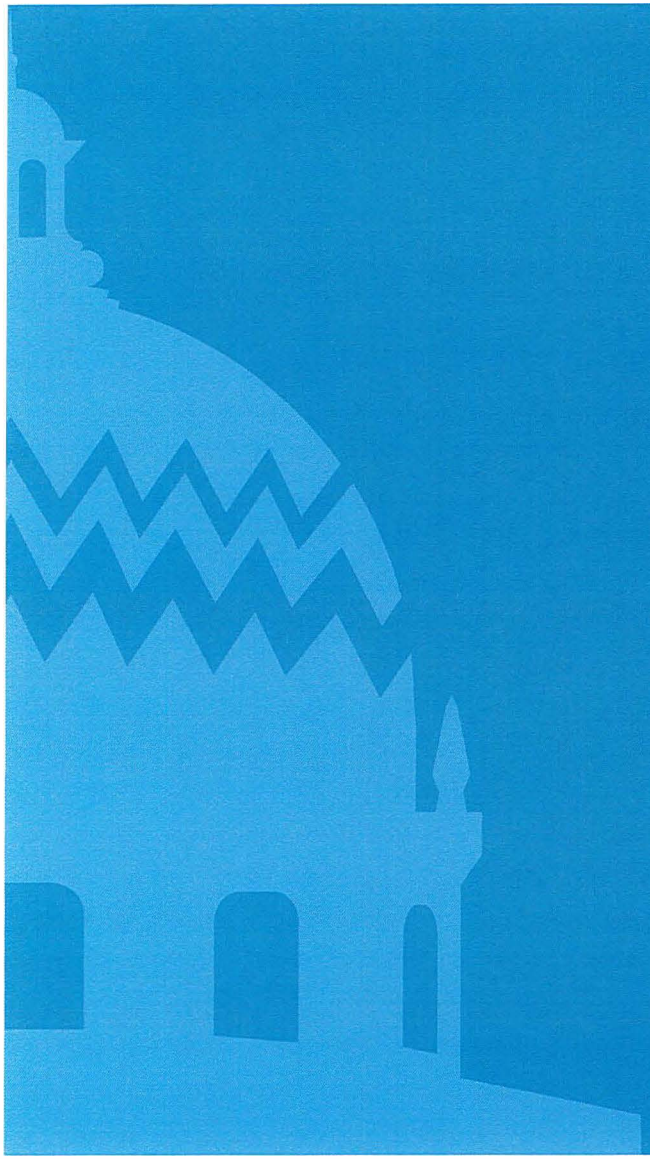


Notes:

Requirements of ARS 41-563.01 to .03

- Public hearings require notice in paper of record
- Vote to refer must occur immediately following 2nd hearing and pass with 2/3 majority
- Analysis and publicity pamphlet is reviewed by Auditor General's Office

Questions



PIMA COUNTY

Board of Supervisors

Jennifer Allen, *Chair*, District 3
Dr. Matt Heinz, *Vice Chair*, District 2
Rex Scott, District 1
Steve Christy, District 4
Andrés Cano, District 5

Pima County Administrator

Jan Lesher

Deputy County Administrators

Carmine DeBonis, Jr.
Steve Holmes