

COB - BOSAIR FORM

04/02/2026 2:49 PM (MST)

Submitted by Andy.Welch@pima.gov



BOARD OF SUPERVISORS AGENDA ITEM REPORT (BOSAIR)

All fields are required. Enter N/A if not applicable. For number fields, enter 0 if not applicable.

Award Type:	Agenda Item
Is a Board Meeting Date Requested?	Yes
Requested Board Meeting Date:	04/21/2026
Project Title / Description:	Public Hearing for the Purpose of Discussion and Public Comment on Permanently Adjusting Pima County's 1979-80 Base Expenditure Limit

Agenda Item Report

Introduction / Background:

Article IX, Section 20 of the Arizona Constitution, as amended in 1980, establishes an expenditure limit for each county, city, and town in Arizona. The limit is calculated annually using actual fiscal year 1979-80 expenditures as the base, adjusted each year for population growth and inflation.

Pursuant to Arizona Revised Statutes § 41-563.01, the Board of Supervisors is required to hold two public hearings to allow for discussion and public comment before voting on whether to refer a permanent adjustment of the County's 1979-80 Base Expenditure Limit to the voters.

Pima County has not sought to increase its expenditure limit in the 45 years since the limitation was enacted.

Discussion:

The constitutional expenditure limit restricts the amount of certain revenues the County may expend each fiscal year. Not all expenditures are subject to the limitation. Each year, expenditures subject to the limit are determined by subtracting amounts excluded by the Constitution or state statute from total County expenditures.

In addition, certain unused exclusions may be carried forward and applied in future fiscal years if needed to remain in compliance. For many years, Pima County has relied on these carry-forward deductions to remain within its expenditure limit. However, it is anticipated that in the near future, the remaining carry-forward balance will no longer be sufficient to ensure compliance.

Without a permanent adjustment to the 1979-80 Base Expenditure Limit, as authorized under Article IX, Section 20(6) of the Arizona Constitution, the County will lose authority to spend a portion of the local and state revenues it currently collects to provide County services.

Raising the County's expenditure limit:

- Does not increase any existing tax,

- Does not authorize the levy of any new tax, and
- Does not eliminate any current tax if voters decline to approve the adjustment.

The process to permanently adjust the base expenditure limit requires:

1. Two public hearings. The first public hearing was held at the March 24, 2026, Board of Supervisors Meeting and this agenda item is for the second public hearing.
2. A two-thirds vote of the Board of Supervisors to refer the measure to the ballot at a general election which is statutorily required to be held immediately following the 2nd public hearing in a special meeting of the Board of Supervisors.
3. Review by the Arizona Auditor General of the County's analysis and voter information pamphlet.
4. Approval by a majority of voters.

Conclusion: Pima County is approaching the point at which existing carry-forward exclusions will no longer be sufficient to maintain compliance with the constitutional expenditure limit. Without voter approval of a permanent base adjustment, the County's ability to expend revenues already collected for public services will be constrained.

Recommendation: It is recommended that immediately after this public hearing, the Board of Supervisors hold the scheduled special meeting and refer to the voters a permanent adjustment to the 1979-80 Base Expenditure Limit of \$70 million to accommodate projected state and local revenues for the foreseeable future, to be considered at the November 3, 2026, General Election.

Fiscal Impact: Standard election-related costs associated with placing a measure on the ballot.

Support of Prosperity Initiative: N/A

Provide information that explains how this activity supports the selected Prosperity Initiative N/A

Board of Supervisor District:

- 1
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- 5

Department: Finance & Risk Management

Name: Art Cuaron

Telephone: (520)724-3138

Department Director Signature:  Date: 4-2-2026

Deputy County Administrator Signature:  Date: 4/3/2026

County Administrator Signature: _____ Date: 4/3/2026