



PERMANENT BASE ADJUSTMENT FREQUENTLY ASKED QUESTIONS

What is Permanent Base Adjustment?

- The state of Arizona imposes an expenditure limitation on Arizona cities and towns, including the City of Kingman. However, the state allows the voters to approve a permanent base adjustment.

A formula was adopted in 1979 that determines the amount of money that can be used to fund city services each year, regardless of the money the city collects. The City of Kingman has changed drastically since 1979.

On Tuesday, August 4, 2020, the registered voters in the City of Kingman decide if the City of Kingman should permanently adjust its base by \$5 million.

Are my taxes affected?

- No. A permanent base adjustment does not impact taxes or fees in any way. A “YES” or “NO” vote does not increase or decrease taxes or fees.

What does a “YES” vote mean?

- A “YES” vote on the permanent base adjustment election authorizes the City of Kingman to permanently adjust its base limit to continue to provide services and projects at the levels determined by the City of Kingman and its residents.

What does a “NO” vote mean?

- A “NO” vote will keep the City of Kingman’s expenditure “base” at the 1979-80 level. Since the City of Kingman currently operates under the Home Rule Option, as approved by the voters in November 2018, the Home Rule Option would remain in effect until 2022. At that time, another alternative would need to be approved by the voters; otherwise, the City of Kingman would be subject to the state imposed spending limit. This would result in cuts to existing city services, such as police, fire, streets, parks, recreation activities, water, sewer, sanitation, and capital projects.

What do other cities and towns in Arizona do?

- 79 out of 91 cities and towns in Arizona (87%) have either permanently adjusted their base or otherwise approved an increase to their expenditure limitation.

Who approves the Permanent Base Adjustment, and how long does it stay in effect?

- The Permanent Base Adjustment option must be approved by the City of Kingman voters and remains in effect until an adjustment to the “base” is needed.

Does the City of Kingman currently operate under the Home Rule Option?

- Yes. City of Kingman voters have approved the Home Rule Option since 1988. The last time the Home Rule Option was taken to and approved by the voters was in November 2018.

What is the difference between Home Rule Option and Permanent Base Adjustment?

- The Home Rule Option allows a city or town to prescribe an alternative to the State imposed spending limit. For example, the alternative may be to exclude certain types of expenditures not already excluded under the constitution (water, wastewater, sanitation, and airport). Also, the Home Rule Option must be taken to a city's or town's voters every four years.

The Permanent Base Adjustment permanently adjusts the "base" that is used when calculating the annual expenditure limitation. The Permanent Base Adjustment is taken to voters only when an adjustment to the "base" is needed. If approved, the Permanent Base Adjustment remains in effect for all future years or until an additional adjustment to the "base" is needed, which then must go back to the voters.

If the City of Kingman already operates under the Home Rule Option, why is the Permanent Base Adjustment being considered?

- Since 2000, the Home Rule Option's voter approval rating has steadily declined from an approval rating of 86.5% to a low of 54.9% in November 2018. Because the expenditure limitation issue is complex and difficult to explain and understand, by asking the voters to approve the Permanent Base Adjustment eliminates the risk of the Home Rule Option not being approved in the future. Additionally, the Permanent Base Adjustment would save on administration and election costs.