



Fiscal Policy Discussion
Revenue Policy

March 21, 2022



Revenue Policies

CONTINUED COUNCIL CONVERSATIONS

- 1) Elimination of Food for Home Consumption Tax
- 2) Dedicate a portion of general fund revenue for Transit
- 3) Property Tax Rate Target reduction from \$1.74
- 4) Others?
- 5) Status Quo



Revenue Policies

ELIMINATION OF FOOD FOR HOME CONSUMPTION TAX

- Rate drop from 2.0% to 0.0%
 - FY2023 impact \$5.3 million ongoing annual revenue reduction
 - Revenue from this source projected to increase by 5% annually
- Phase-in using Construction Sales Tax
 - FY2023 – additional \$5.0 million CST used for operations
 - FY2024 - \$4.0 million CST
 - FY2025 - \$3.0 million CST
 - FY2026 - \$2.0 million CST
 - FY2027 - \$1.0 million CST



Revenue Policies

ELIMINATION OF FOOD FOR HOME CONSUMPTION TAX

- 3 of 17 Valley cities do not charge a food for home consumption tax
 - Phoenix, Surprise, Mesa
- Of the 14 that charge a food for home consumption tax the average rate is 2.22%
 - High Buckeye/El Mirage at 3.0%
 - Low Chandler/Gilbert at 1.5%
 - Three charge a lower rate than their retail tax rate
 - Goodyear, Glendale & Peoria



Revenue Policies

DEDICATE A PORTION OF GENERAL FUND REVENUE FOR TRANSIT

- Current Financial Policy states the most restrictive funding is used first
- Existing City Restrictions
 - Asset Management Funds



Revenue Policies

PROPERTY TAX RATE TARGET REDUCTION FROM \$1.74

- Current Financial policy states that we will maintain and sell new General Obligation Bonds only when the combined Property Tax Rate of \$1.74 or lower can be achieved.
 - Current & planned debt will keep rate at \$1.735 through FY2024
 - No new debt – rate will drop to \$1.50 in FY2025
- Historical Policy Rates
 - \$1.74 FY2017 - Current
 - \$1.60 FY2006 – FY2016
 - \$2.00 - \$2.10 in FY2005

Revenue Policies



OTHERS?