



“What-If” Budget Contingency Planning General Fund Revenues

09/11/2023

FY2025 General Fund Revenue Planning



AGENDA

- Setting the stage
- General Fund Revenue Review
- Sales Tax Discussion/Options

FY2025 General Fund Revenue Planning



SETTING THE STAGE

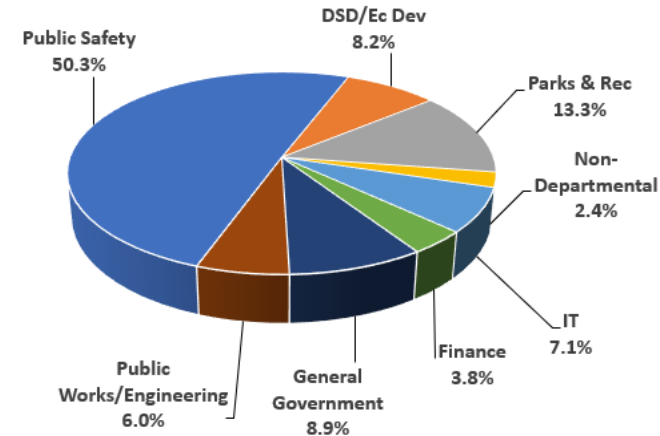
- Recent Legislative Activity to reduce City Revenue
 - SB1131: Elimination of Residential Rental
 - HB2822: Personal Property Tax, depreciation
 - SB1603: Elimination of Food Tax (vetoed)
 - HB2003: Corporate Flat Tax (died)
 - Prime Contracting/Construction
 - Flat Income Tax (state shared revenue)
- Direct impact on the City's General Fund
 - Our strong financial position = Time to adapt

FY2025 General Fund Revenue Planning



SETTING THE STAGE

- The General Fund is main operating fund of the City
 - Externally imposed reductions in local revenue impact the services we provide
 - Expenditures: Reduce, Slow, Avoid
 - Revenues: Increase other revenues



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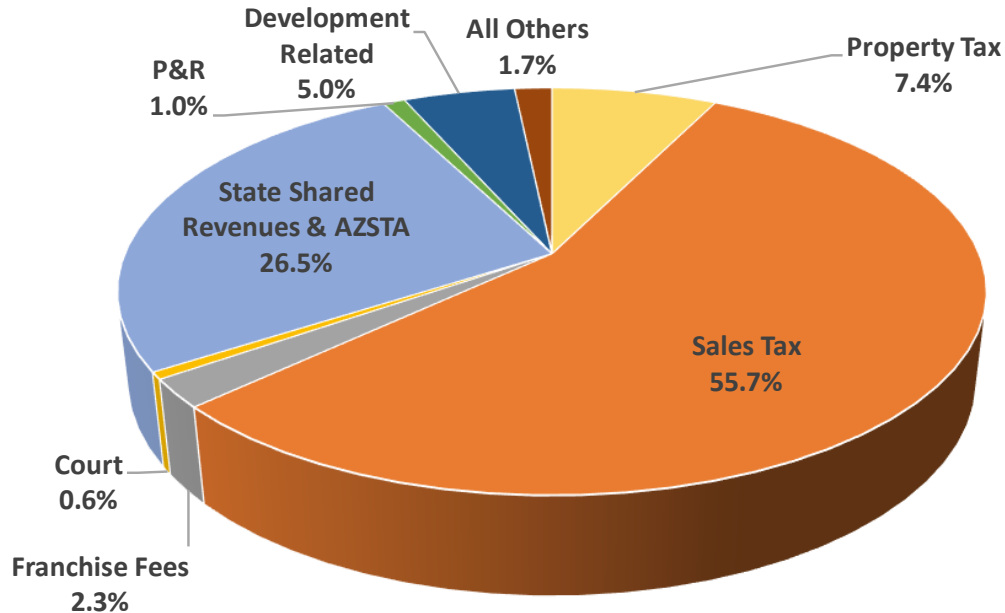
GENERAL FUND REVENUES

- Strong Financial Position
 - Council policies to maximize and diversify General Fund Revenue
 - Growth: Population, Commercial, Employment
 - Conservative Forecasting



FY2025 General Fund Revenue Planning

GENERAL FUND REVENUES - \$189.4 MILLION*

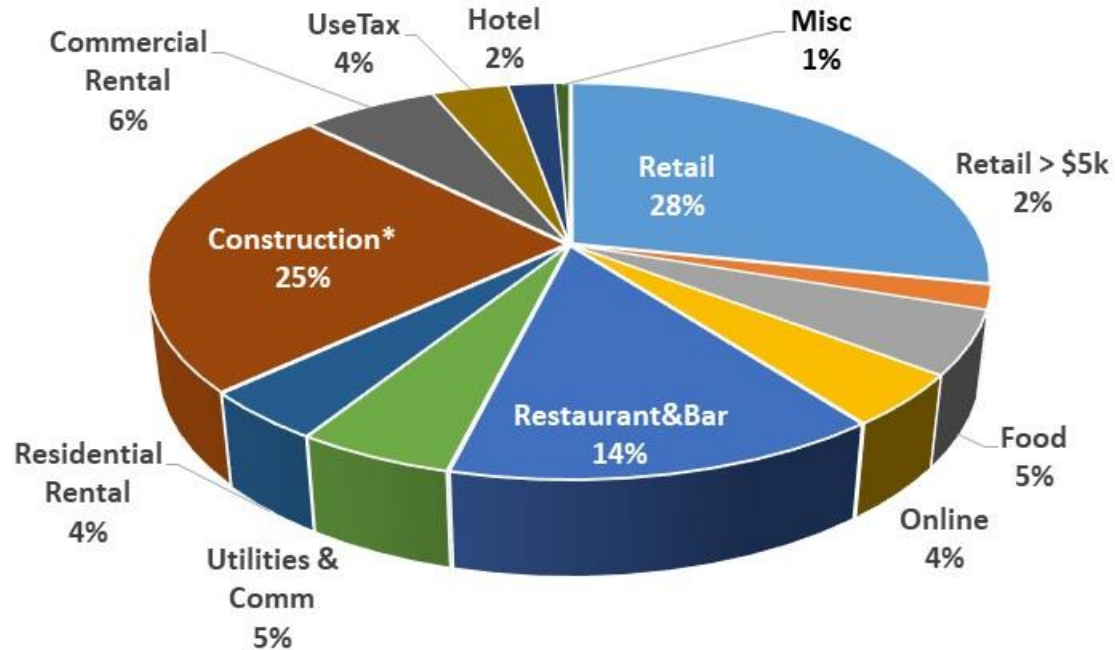


*Excludes \$11.9 million of "planned" funding for Camelback Corridor

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SALES TAX DISCUSSION - \$105.5 MILLION (\$112.2 TOTAL)



FY2025 General Fund Revenue Planning



SALES TAX DISCUSSION – CATEGORIES & RATES

Category	Rate	FY2024 Estimate
Retail	2.5%	\$ 33,874,300
Food	2.0%	6,220,600
Retail > \$5k	1.2%	2,335,400
Online	2.5%	5,135,300
Restaurant & Bar	4.0%	17,029,300
Utilities & Comm	2.5%	6,099,900
Residential Rental	2.5%	4,937,500
Commercial Rental	2.5%	7,391,000
Use Tax	2.5%	4,224,700
Hotel	5.0%	2,558,100
Misc	2.5%	799,100
Construction*	3.5%	29,287,800
		<u>\$ 119,893,000</u>

- Council has full authority over sales tax rates
- Per council policy no specific dedications exist
 - State mandated dedication to DIF for a portion of Contracting
 - Financial Policy limitation on use of contracting for one-time
- Variation in rates due to council policy desire
 - Food
 - Retail over \$5,000
 - Restaurant & Bar
 - Hotel
 - Construction

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SALES TAX DISCUSSION – CURRENT STATE

	FY2024 Estimate	FY2025 Estimate	FY2026 Estimate	FY2027 Estimate	FY2028 Estimate	FY2029 Estimate	5-Year Total
Current (Operations)	90,605,200	93,687,184	97,630,200	101,754,800	106,069,900	110,584,900	509,726,984
Modified (Operations)	90,605,200	93,687,184	97,630,200	101,754,800	106,069,900	110,584,900	509,726,984
Difference	0	0	0	0	0	0	0
		3.4%	4.2%	4.2%	4.2%	4.3%	22.1%
Current (Construction)	29,287,800	23,430,300	19,915,800	19,915,800	19,915,800	19,915,800	103,093,500
Modified (Construction)	29,287,800	23,430,300	19,915,800	19,915,800	19,915,800	19,915,800	103,093,500
Difference	0	0	0	0	0	0	0
		-20.0%	-15.0%	0.0%	0.0%	0.0%	-32.0%

Current State
0.00% Added to All Categories