

KNOW THE FACTS ✓

Temporary Sales Tax Increase

~ Public Education ~

As the November general election approaches, the city of Glendale wants to inform voters about the importance of the temporary sales tax that the City Council approved in June 2012.

Revenue generated from this tax is for the main budget, the General Fund, providing funding for services such as public safety, code compliance, libraries and parks and recreation. The last time Glendale increased the general sales tax rate across most categories was 20 years ago. Since that time, Glendale's population has grown by more than 41 percent, and to serve the needs of the current and new residents, the city has added a third library, 32 parks, a recreation and aquatics center, five fire stations and a police precinct.

How much is the difference?

Previous Sales Tax Rate **2.2%** vs. Temporary Sales Tax Rate **2.9%**

<u>Cost of Item</u>	<u>Previous Sales Tax Rate</u>	<u>Temporary Sales Tax Increase</u>
\$50	\$1.10 (\$51.10 total)	\$1.45 (\$51.45 total)
\$100	\$2.20 (\$102.20 total)	\$2.90 (\$102.90 total)

What does "temporary" mean?

The new rate is only effective for five years – August 1, 2012 to August 1, 2017.

How much is the temporary increase?

The old rate was 2.2% and the new temporary rate is 2.9% – an increase of .7% for every one dollar. Spend \$50.00 and you'll pay 35 cents more in sales tax.

What's at stake?

If the temporary sales tax were to go away, here is a list of some of the proposed reductions to the city:

- 250 employee positions
- Police officers, CAT Team, jail staff
- Firefighters and fire inspectors
- Closing of Glendale libraries
- Eliminating all downtown city festivals
- Closure of Rose Lane Aquatics Facility
- Shutting down the city's TV station/online videos to no longer broadcast public meetings

Why did the city temporarily increase the city sales tax?

Due to the prolonged economic recession, less revenue has come into the city through sales tax and state shared revenue. In addition, Glendale has obligations for current programs and services, like the city-owned Jobing.com Arena, a facility Glendale is required to operate and maintain.

For the current fiscal year, Glendale had an estimated \$32 million deficit. The City Council approved \$10 million in cuts and determined further cuts would seriously impact priority services like public safety. The temporary sales tax increase is expected to generate \$22 million to help balance the budget, which is required by law.

Is Glendale the only city to increase its sales tax rate?

No – in fact, Glendale is one of the last cities in Maricopa County to increase its sales tax since the economic downturn began locally. According to the Model City Tax Code, the following cities have increased their sales tax during this time: Phoenix, Mesa, Tempe, Peoria, Paradise Valley, Buckeye, Cave Creek, Goodyear, Litchfield Park, Queen Creek, Tolleson, Wickenburg and Youngtown. The state of Arizona also raised its sales tax rate during this time to address its budget problem. In addition, 15 other Arizona cities outside Maricopa County – from Flagstaff to Sierra Vista – have increased their sales tax rates since 2006. Thus, cities and towns across the state have addressed their respective budget deficits by increasing sales tax rates.

What services does the General Fund provide?

The General Fund is the main funding source for services and amenities such as: police and fire protection, libraries and park facilities, court services, code compliance, planning and economic development. Almost every city department is funded from the General Fund for items ranging from electric and water bills on city buildings and parks to books and the operation of the three libraries. This also includes paint to cover up graffiti and the maintenance of facilities and parks, such as mowing the lawn and irrigation, as well as wages for city employees to provide these services.

How much of the General Fund supports Public Safety?

Public Safety accounts for about 63% of the city's General Fund.

What has Glendale done to reduce expenses to the General Fund?

Since 2009 staff has worked to reduce expenses and not affect services and quality-of-life amenities for residents, including:

- 25% cuts to departmental budgets (\$40.2 million)
- 22% decrease to city workforce (307 positions)
- Mandatory employee furloughs saving the city approximately \$5.5 million

Where does the money for the General Fund come from?

The General Fund's main source of revenue comes from taxes; either sales tax collected in Glendale or sales and income taxes collected by the state that are shared with the city. Due to the prolonged recession, these two sources of revenue have decreased dramatically in the past few years. In fact, current projected revenues are below 2004 levels.

<i>State Shared Revenue Distributed to Glendale</i>		<i>General Fund Sales Tax Collected by Glendale</i>	
2007-2008:	\$66 million	2007-2008:	\$61 million
2008-2009:	\$64 million	2008-2009:	\$52 million
2009-2010:	\$57 million	2009-2010:	\$51 million
2010-2011:	\$50 million	2010-2011:	\$52 million

Where can I find more financial information?

- The city's website is a great source of information: www.glendaleaz.com
- To review the current city budget, as well as previous budgets, go to the Budget Department site at www.glendaleaz.com/budget
- Financial reports are available at www.glendaleaz.com/finance
- **"Follow Your Money"** – An online tool with detailed information on all financial transactions of the city and a searchable database for all city expenditures can be found at www.glendaleaz.com/FollowYourMoney

