

## GENERAL FUNDS

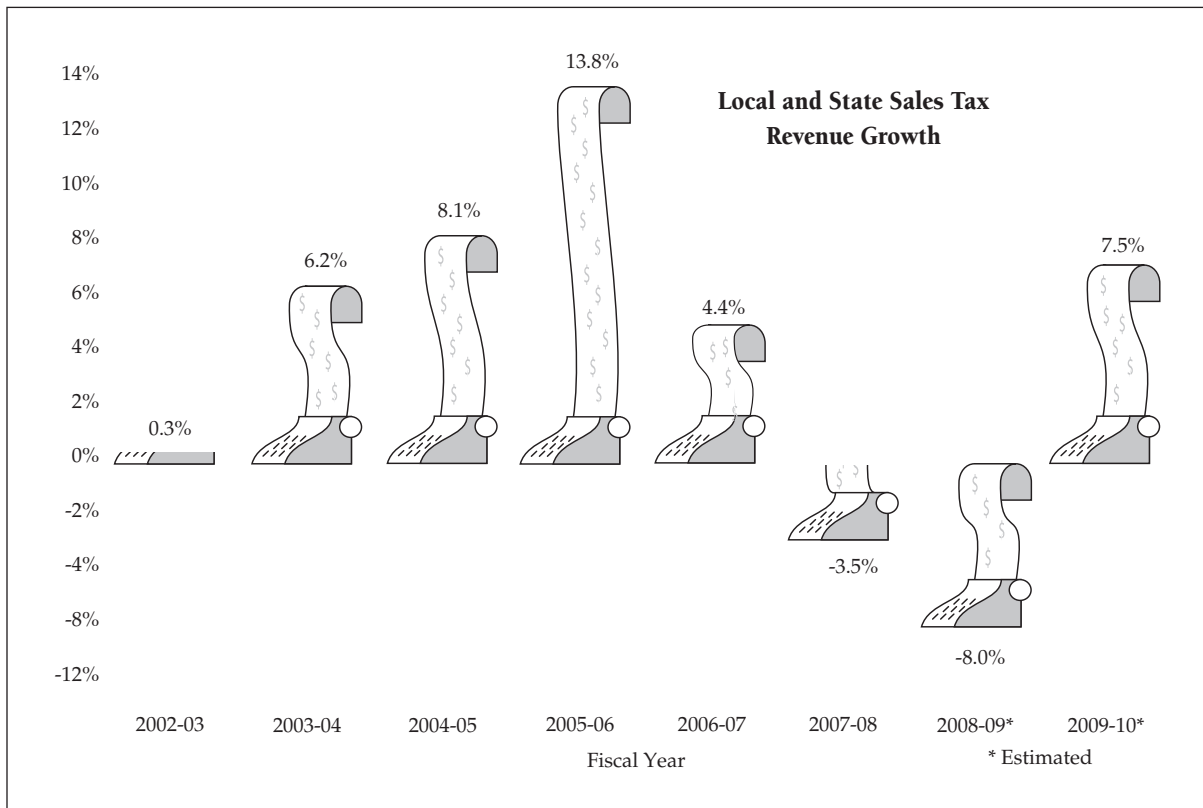
Total 2009-10 General Fund revenues are estimated to be \$1,047.3 million or 2.8 percent more than 2008-09 estimates of \$1,018.7 million. General Fund revenues consist of four major categories: local taxes, state-shared revenues, primary property taxes and user fees. Following are descriptions of the revenue sources within these four categories and explanations of 2009-10 revenue estimates.

Local and state sales tax collections represent approximately 51 percent of General Fund revenues. Local sales taxes for 2009-10 are expected to grow by 7.5 percent over 2008-09 estimates. This is an increase from the (7.9) percent negative growth rate in local sales taxes anticipated in 2008-09.

Phoenix's share of state sales taxes for 2009-10 is expected to grow by 7.4 percent over 2008-09 estimates. This is increased from the (8.0) percent negative growth in Phoenix's share anticipated in 2008-09.

Combined local and state sales tax revenues for 2009-10 are expected to grow by 7.5 percent over 2008-09 estimates. Combined rates of growth since 2002-03 are provided in the chart below.

The table on the previous page details estimated General Fund revenues by major category.





## LOCAL SALES TAXES AND FEES

This major revenue category consists of various local sales taxes, privilege license fees, use tax, and franchise taxes and fees. The 2009-10 estimate is \$422.2 million, which is \$28.6 million or 7.3 percent greater than the 2008-09 estimate of \$393.6 million. The assumptions used to estimate local sales taxes follow.

### Local Sales Tax

The city of Phoenix's local sales tax consists of 15 general categories that are collected based on a percentage of business income accruing in each category. To protect local businesses, Phoenix also levies a use tax on purchases where no sales taxes were paid.

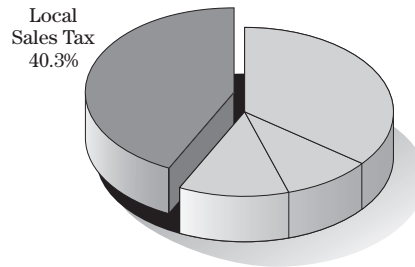
Of the 15 categories collected as a percentage of income, all except advertising provide General Fund resources and contribute to voter-approved resources for police and fire, parks and preserves, and transit programs. Portions of several categories and the entire advertising category are restricted to the Convention Center Fund and/or the Sports Facilities Fund. Beginning in May 2005,

2 percent of utilities sales tax collections paid by those utilities with a franchise agreement were directed to the newly established Public Safety Enhancement Fund. Finally, an additional 2 percent tax on the telecommunications category provides resources for the Capital Construction Fund. The table below provides a listing of the local sales tax categories, indicating the specific tax rates for each fund and the total tax rate for

each category.

The General Fund portion of the local sales tax estimate is \$404,283,000 for 2009-10. This is an increase of \$28,216,000 or 7.5 percent from the 2008-09 estimate of \$376,067,000. The increase in local sales tax revenue is based on estimated growth of 7.7 percent in the retail sales category. Projected increases in other categories include 6.3 percent for utility and franchise; 6.5 percent for commercial

**GENERAL FUNDS**  
Total Revenues – \$1,047.3 Million



## CURRENT LOCAL SALES TAX RATES BY CATEGORY

	2007									
	General Fund	Neighborhood Protection	Public Safety Expansion	Public Safety Enhancement	Parks & Preserves	Transit 2000	Convention Center	Sports Facilities	Capital Construction	Total
Advertising	–	–	–	–	–	–	0.5%	–	–	0.5%
Contracting	0.7%	0.1%	0.2%	–	0.1%	0.4%	0.5%	–	–	2.0%
Job Printing	0.7%	0.1%	0.2%	–	0.1%	0.4%	0.5%	–	–	2.0%
Publishing	0.7%	0.1%	0.2%	–	0.1%	0.4%	0.5%	–	–	2.0%
Transportation/Towing	0.7%	0.1%	0.2%	–	0.1%	0.4%	0.5%	–	–	2.0%
Restaurants/Bars	0.7%	0.1%	0.2%	–	0.1%	0.4%	0.5%	–	–	2.0%
Leases/Rentals/ Personal Property	0.2%	0.1%	0.2%	–	0.1%	0.4%	–	–	–	2.0%
Short-Term Motor Vehicle Rental	1.2%	0.1%	0.2%	–	0.1%	0.4%	–	2.0%	–	4.0%
Commercial Rentals	1.3%	0.1%	0.2%	–	0.1%	0.4%	–	–	–	2.1%
Lodging Rentals Under 30 Days	1.2%	0.1%	0.2%	–	0.1%	0.4%	2.0%	1.0%	–	5.0%
Lodging Rentals 30 Days and Over	1.2%	0.1%	0.2%	–	0.1%	0.4%	–	–	–	2.0%
Retail	1.2%	0.1%	0.2%	–	0.1%	0.4%	–	–	–	2.0%
Amusements	1.2%	0.1%	0.2%	–	0.1%	0.4%	–	–	–	2.0%
Utilities	2.7%*	–	–	2.0%**	–	–	–	–	–	4.7%
Telecommunications	2.7%	–	–	–	–	–	–	–	2.0%	4.7%

\* The General Fund portion of the utilities category includes the 2.0% franchise fee paid by utilities with a franchise agreement.

\*\* The Public Safety Enhancement designated 2.0% sales tax applies only to those utilities with a franchise agreement.

rentals; 2.7 percent for restaurants and bars; and 3.9 percent for hotel/motel room rentals.

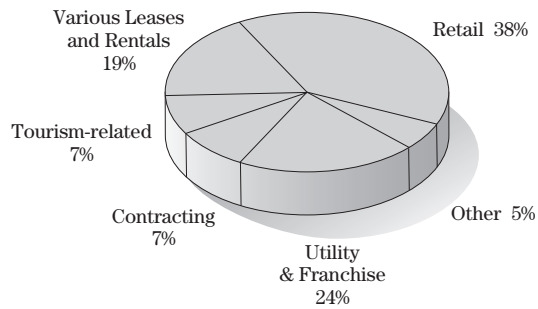
As shown in the pie chart on the right, the retail category represents approximately 38 percent of the General Fund sales tax. Personal income growth, which is used as a trend indicator for retail sales activity, is projected at 1.3 percent for 2009-10.

General Fund sales tax revenue is collected on three rental categories: leases and rentals of personal property, commercial real property rentals and apartment rentals. For 2009-10, these categories are expected to increase 3.3 percent, 6.5 percent and 3.9 percent respectively. These three categories combined are approximately 19 percent of General Fund sales tax revenue.

The contracting category is expected to increase by 1.0 percent in 2009-10. Due to the significant slowdown in the housing market, contracting sales tax is expected to decline by 25.0 percent in 2008-09. For 2009-10, indicators for job creation and population growth predict that residential and commercial construction activity will continue to slow. This slowing, however, will be offset by significant public sector commercial construction projects such as the continuation of light rail and the Phoenix Sky Harbor International Airport's PHX Sky Train system. This category represents approximately 7 percent of the General Fund sales tax revenue.

The restaurants and bars category is expected to increase 2.7 percent and the hotel/motel category is expected to increase 3.9 percent in 2009-10. These two categories, combined with revenue from short-term motor vehicle rentals, are closely related to tourism activity. The expected growth rate for these categories for 2008-09 are (4.1) percent and (4.9) percent respectively. Revenues from these tourism-related activities represent approximately 7 percent of General Fund sales tax revenue.

**GENERAL FUNDS  
Local Sales Taxes**



The utility tax category is approximately 24 percent of General Fund sales tax revenue. The category includes electricity, natural and artificial gas, water consumption, sewer service and communications activities. The 2009-10 estimate for utility sales and franchise tax revenue is \$97,726,000, which is an increase of 6.3 percent over the 2008-09 estimate. The increase is partly due to recent and expected future rate increases for water, wastewater and electricity.

A use tax is assessed on the purchase of tangible personal property, which is stored, used or consumed within the city, and for which a local sales tax has not been paid at an equivalent rate to the city of Phoenix rate. The tax also applies to items purchased for resale and subsequently used or consumed in the business. The 2009-10 estimate of \$16,005,000 for use tax is 5.2 percent or \$791,000 more than the 2008-09 estimate. This category is subject to fluctuations in purchasing practices, as well as economic drivers. The use tax category is approximately 4 percent of General Fund sales tax revenue.

The following table shows General Fund sales tax collections since 2005-06. The amounts shown exclude the two additional utility tax items that are collected based on water service accounts.

**GENERAL FUND SALES TAXES  
(In Thousands of Dollars)**

Fiscal Year	Revenues	% Change From Previous Year
2005-06	\$398,319	14.1%
2006-07	422,130	6.0
2007-08	408,515	(3.2)
2008-09 (Est.)	376,067	(7.9)
2009-10 (Est.)	404,283	7.5



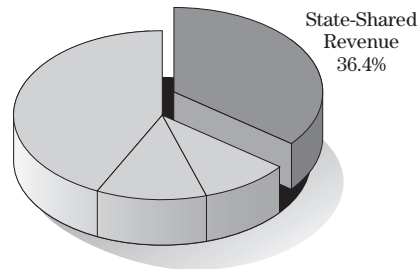
**Privilege License Fees**

The city charges a \$20 fee to process an application for a privilege tax license and assesses a \$50 annual fee for existing licenses. These fees are intended to recover the costs associated with administering a fair and efficient sales tax system. This category also includes a \$2 per unit (\$50 maximum) annual fee on each apartment complex for non-transient lodging. The 2009-10 estimate for privilege license fee revenue of \$2,473,000 represents no change from the 2008-09 estimate. Historically, the net change in the number of licensed businesses is small.

**Other General Fund Excise Taxes**

The first of the two additional utility tax items collected on water service accounts was implemented on Oct. 1, 1990, and provides resources to help offset jail costs paid to Maricopa County for misdemeanor defendants. The 2009-10 estimate of \$13,800,000 for this category is 2.2 percent higher than the 2008-09 estimate of \$13,500,000. The second provides funding for storm water management programs required by the Environmental Protection Agency. The 2009-10 estimate of \$1,405,000 for this tax is 2.6 percent greater than the 2008-09 estimate of \$1,370,000. This increase provides for modest growth in the number of accounts.

**GENERAL FUNDS**  
Total Revenues – \$1,047.3 Million



**STATE-SHARED REVENUES**

This major revenue category consists of the city’s share of the state sales tax, the state income tax and vehicle license tax. The 2009-10 estimate for this category is \$381.4 million, which is \$18.4 million or 4.6 percent less than the 2008-09 estimate of \$399.8 million. The decrease is mainly due to a projected decline of 13.7 percent in state-shared income taxes. The decrease in the income tax collections reflects personal and corporate negative income growth in 2007-08. State-shared vehicle license tax revenue for 2009-10 is estimated to grow at 4.9 percent over the 2008-09 estimate.

**State Sales Tax**

The state sales tax rate on most taxable activities is 5.6 percent with several relatively minor categories having tax rates ranging from 2.5 percent to 5.5 percent. The revenues are split between a “distribution base,” of which Phoenix receives a share, and a “combined nonshared” category, which is allocated entirely to the state. With exceptions for some categories, the distribution base consists of 40 percent of collections. The 0.6 percent education tax included in the total tax rate is not included in any distribution base. Under the current

**STATE SALES TAXES**  
(In Thousands of Dollars)

Fiscal Year	Cities' Share of State Collections		Phoenix's Share		
	Total	% Change	Percent	Amount	% Change
2005-06	\$435,568	15.8%	32.5%	\$141,194	14.1%
2006-07	462,037	6.1	30.4*	141,466	0.2
2007-08	447,061	3.2	30.3	135,134	(4.5)
2008-09 (Est.)	413,473	(7.5)	30.3	124,291	(8.0)
2009-10 (Est.)	437,657	5.8	30.3	133,428	7.4

\*Impact of 2005 census population changes.

formula, incorporated cities receive 25 percent of the distribution base. These funds are distributed to individual cities on the basis of relative population percentages. Phoenix's share of the distribution to cities for 2009-10 is estimated at 30.3 percent.

The city's share of the state sales tax for 2009-10 is expected to be \$133,428,000, which is \$9,137,000 or 7.4 percent more than the 2008-09 estimate of \$124,291,000. This estimate is based on the assumption that, similar to the local economy, the state economy will improve somewhat. At the state level, retail sales are anticipated to increase about 7.8 percent over the current fiscal year. The table on the previous page shows the cities' share of state sales taxes, Phoenix's allocation and annual increases since 2005-06. The population factor changes with decade or mid-decade census counts and periodic adjustments made throughout the year.

**State Income Tax**

Since 1973, cities in Arizona have shared 15 percent of the actual state personal and corporate income tax collected two years earlier. Individual cities receive their portion based on the cities' share of the state population.

The 15 percent portion of the state income tax, which will be distributed to cities and towns in 2009-10, is expected to be \$628.6 million. The distribution represents actual individual and corporate income tax collections by the state in the 2007-08 fiscal year. The anticipated \$628.6 million is a 13.6 percent decline from the

previous fiscal year. The decline is attributable to the Legislature attempting to hold cities harmless from personal income tax cuts implemented in the 2006 state legislative session by appropriating a set distribution amount to the cities of \$717.1 million in 2008-09. Phoenix's portion is estimated to be approximately 30.3 percent. The Legislature also appropriated a one-time distribution of \$10.5 million to cities in an effort to reimburse them for income tax sharing cuts in 2002-03 and 2003-04. Phoenix's portion of this in the 2008-09 fiscal year is

estimated to be approximately 33.7 percent. Phoenix's total distribution for 2009-10 is estimated at \$190,540,000 and is a decrease of \$30,266,000 or 13.7 percent from the 2008-09 estimate of \$220,806,000.

The following table shows the total cities' share of state income tax, Phoenix's share, percentage allocation and annual increase since 2005-06. Similar to sales tax sharing, population is changed only on the basis of a census count with periodic corrections made throughout the year.

**STATE INCOME TAX  
(In Thousands of Dollars)**

Fiscal Year	% Shared w/Cities	Cities' Share of State Collections		Phoenix's Share		
		Total	% Change	Percent	Amount	% Change
2005-06	15.0%	\$425,229	13.9%	32.5%	\$138,313	14.0%
2006-07	15.0	551,231	29.6	30.4*	167,560	21.1
2007-08	15.0	684,519	24.2	30.3	207,694	24.0
2008-09 (Est.)	15.0	727,677**	6.3	30.3	220,806	6.3
2009-10 (Est.)	15.0	628,645	(13.6)	30.3	190,540	(13.7)

\*Impact of 2005 Census population changes.

\*\*Distribution set by the legislature of \$717.1 million, plus one-time distribution of \$10.5 million.



**Vehicle License Tax**

Vehicle license taxes have been shared with Arizona cities and towns since 1941. The tax is assessed on the basis of an ad valorem rate on each \$100 in value. The value is equal to a percent of the manufacturer's base retail price at the time of initial registration. During each succeeding year, this value is decreased until the established minimum amount is reached. The Arizona Department of Transportation collects and distributes the tax.

Currently, 37.61 percent of collections are allocated to the Arizona Highway User Revenue Fund. The remainder is allocated by percentage to various state funds as well as to the counties and cities. The state is responsible for distributing funds to cities according to their relative population within the county. Based on the 2005 Census, Phoenix's percentage of population within Maricopa County is approximately 42.6 percent, down from 46.1 percent based on the 2000 Census.

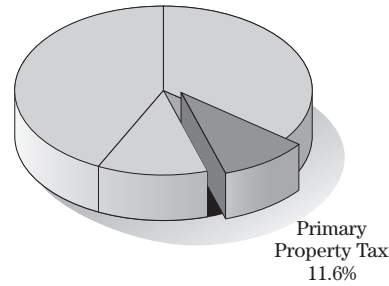
Phoenix's share of the vehicle license tax for 2009-10 is anticipated to be \$57,407,000, which is \$2,704,000 or 4.9 percent more than the 2008-09 estimate of \$54,703,000.

The following table shows the cities' share of the vehicle license tax, Phoenix's share, allocation percentage and annual percentage change since 2005-06.

**PRIMARY PROPERTY TAX**

Arizona property taxes are divided into two levies. The primary levy is used for general operation and maintenance expense. The secondary levy can only be used for voter-approved general obligation bond debt service.

**GENERAL FUNDS**  
Total Revenues – \$1,047.3 Million

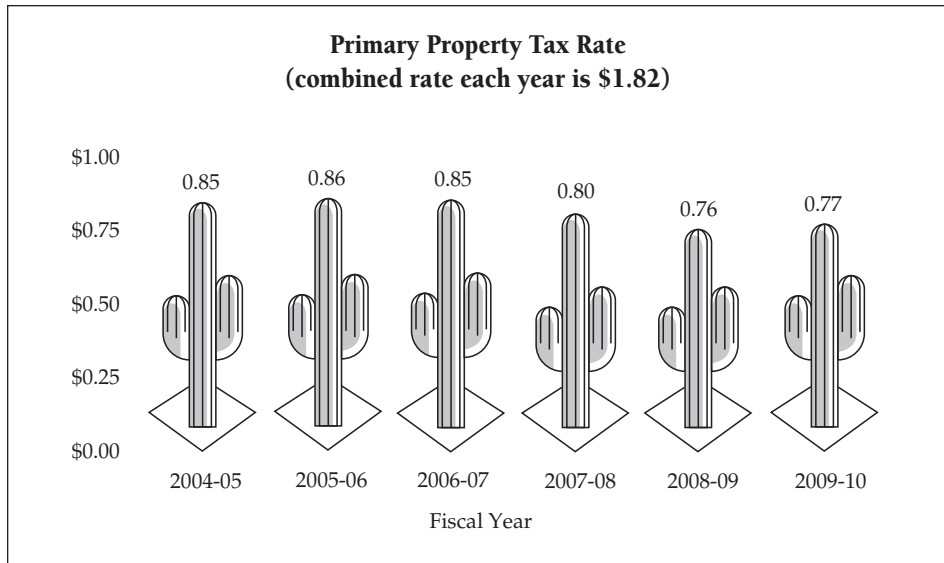


**PRIMARY PROPERTY TAX**

Fiscal Year	Primary Assessed		Primary Levy		Rate per \$100 Assessed Valuation
	Valuation (in Billions)	% Change	(in Thousands)	% Change	
2005-06	\$10,637	8.5%	\$ 91,311	9.6%	\$.8584
2006-07	11,431	7.5	96,622	5.8	.8453
2007-08	12,890	12.8	103,664	7.3	.8042
2008-09 (Est.)	14,665	13.8	111,568	7.6	.7608
2009-10 (Est.)	16,062	9.5	123,095	10.3	.7664

**VEHICLE LICENSE TAX  
(In Thousands of Dollars)**

Fiscal Year	Amount Distributed by Maricopa County	Phoenix's Share		Increase/(Decrease)	
		Percent	Amount	Amount	Percent
2005-06	\$136,835	46.1%	\$63,108	\$6,556	11.6%
2006-07	143,530	42.6	61,158	(1,950)	(3.1)
2007-08	139,234	42.6	59,244	(1,914)	(3.1)
2008-09 (Est.)	132,281	42.6	54,703	(4,541)	(7.7)
2009-10 (Est.)	134,926	42.6	57,407	2,704	4.9



The annual increase in the primary property tax levy is limited by the Arizona Constitution to a 2 percent increase over the prior levy plus an estimated levy for previously unassessed property (primarily new construction), and allowable tort liability claims.

Before 1996-97, the maximum levy allowed by the Arizona Constitution had been levied each year. Leading up to 1996-97, due to a number of years of declining assessed valuations, deferral of the property tax-supported Capital Improvement Program was necessary. A new revenue policy also was established. This policy called for a maximum and minimum allowable combined primary and secondary property tax rate. By 1996-97, the application of this revenue policy had driven the combined rate down to the adopted minimum of \$1.82. By Council policy, the \$1.82 rate remains in effect today. The 2006 Bond Committee

recommended that maximum allowable primary property taxes be levied in order to help support operating and maintenance costs resulting from 2006 bond-funded capital projects.

The chart above shows the changes in the primary property tax rate since 2004-05. The primary property tax rate begins trending down in 2007-08 because the levy is capped at 2 percent regardless of the growth in property values.

The estimated 2009-10 primary property tax levy is \$123,095,000, which is the maximum amount allowed by the Arizona Constitution. This is a 10.3 percent increase over the 2008-09 levy of \$111,568,000. The change in the primary levy reflects an estimated \$4,078,000 increase for collections associated with new properties entering the rolls, plus \$2,231,000 for the State Constitution allowed 2 percent increase on the prior year levy, and \$5,218,000 for allowable tort liability claims. The primary assessed valuation of \$16.06 billion is approximately 9.5 percent above the 2008-09 primary assessed valuation of \$14.66 billion. Of this increase about 40 percent is from new properties.

Historically, actual property tax collections are slightly lower than the amount levied. For 2009-10, actual collections for primary property tax are estimated to be \$121,015,000 or 98.3 percent of the levy amount.

The proposed 2009-10 levy results in an estimated primary property tax rate of \$0.7664 per \$100 of assessed valuation. This would result in a secondary property tax rate of \$1.0536 to maintain a total property tax rate of \$1.82 per \$100 of assessed valuation.

The table on the previous page shows primary assessed valuation, primary property tax revenues and primary rates since 2005-06.





**USER FEES/OTHER REVENUES**

This major revenue category consists of licenses and permits, fines and forfeitures, cable television fees, parks and libraries fees, various user fees designed to recover the costs of providing specific city services, and other miscellaneous General Fund revenue sources. The 2009-10 estimate for this category is \$122.7 million, which is \$7.1 million or 6.1 percent higher than the 2008-09 estimate of \$115.6 million. Following are descriptions of the various categories and explanations of the revenue estimates.

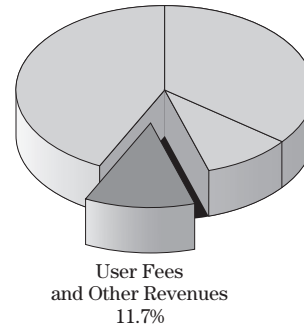
**Licenses and Permits**

This category consists of various business permit application fees and annual permit fees including liquor license applications, amusement machines, annual liquor licenses and other business license applications and fees. The 2009-10 estimate of \$2,930,000 is the same as the 2008-09 estimate. Due to the slowdown in the economy, growth in this category is not anticipated.

**Cable Communications**

The city imposes a 5 percent fee on the gross receipts of cable television licensees in return for the use of streets and public rights of way by cable companies in the provision of cable television service. The 2009-10 estimate of \$9,624,000 is \$2,708,000 less than the 2008-09 estimate of \$12,332,000. The decrease is attributable to a one time settlement in the amount of \$2,300,000 in 2008-09 from one of the cable providers as a result of a compliance audit. One of two local companies is also in the process of exiting the cable business. The 2009-10 estimate assumes no change in the customer base for the other cable provider. Revenue payments for both providers are offset by annual payments to the Educational Access Account, which are adjusted annually by the consumer price index.

**GENERAL FUNDS**  
Total Revenues – \$1,047.3 Million



**Fines and Forfeitures**

This category is comprised of various sanctions including traffic moving violations, criminal offense fines, parking violations, driving under the influence and defensive driving program revenues. The 2009-10 estimate of \$19,255,000 is \$352,000 or 1.8 percent less than the 2008-09 estimate of \$19,607,000. The decrease in 2009-10 is due to an anticipated decline in moving traffic violations.

**Court Default Fee**

A \$25 default fee was implemented in 1993-94 in order to recover court costs associated with defendants who fail to appear for court appearances or fail to pay previously imposed sanctions on civil traffic violations. The 2009-10 estimate for this revenue category is \$954,000, which is 39.5 percent higher than the 2008-09 estimate. The increase is due to a fee increase from \$25 to \$40 effective May 2009.

**Engineering and Architectural Services**

This user fee category includes permits for utility construction and fiber optic construction in the public rights of way. It also includes revenues from fees for pavement cut activity. The 2009-10 estimate of \$2,660,000 is \$56,000 or 2.1 percent less than the 2008-09 estimate of \$2,716,000. The decrease is attributable to anticipated reductions in fiber optic construction in the public rights of way and in private development project fee revenues.



## Fire

The Fire Department receives fees from various services. The majority of the revenue comes from emergency transportation service (ETS). This user fee includes basic life support and advanced life support services and related charges for mileage and supplies for the provision of ambulance service. The 2009-10 estimate for ETS is \$28,500,000, which is \$1,700,000 or 6.3 percent greater than the 2008-09 estimate of \$26,800,000. The projected increase is due to an assumed rate increase of 3 percent and modest growth in the number of transports.

Other Fire revenue sources include fire prevention inspection fees, computer-aided dispatch (CAD) and various other services provided to the community. The 2009-10 estimate for other fire services is \$11,375,000 which is \$1,818,000 or 19.0 percent above the 2008-09 estimate of \$9,557,000. Increased fees for fire prevention services, CAD and false alarms contribute to the increased revenues.

## Hazardous Materials Permit and Inspection Fee

Because incidents involving hazardous materials have increased in recent years, a hazardous materials permit and inspection fee was established in October 2001. Revenues from this category are used to recover direct costs incurred for inspecting businesses that use hazardous materials. Upon review in 2003-04, the annual permit fee amount was raised. This annual permit now varies from \$400 to \$1,650 and depends on the volume of hazardous materials stored on site. The 2009-10 estimate is \$1,800,000, which is \$400,000 or 28.6 percent more than the 2008-09 estimate. The increase is attributable to a proposed increase in fees.

## Library Fees

Library fee and fine revenue for 2009-10 is expected to be \$1,420,000, which is \$38,000 or 2.7 percent above the 2008-09 estimate. The increase is due to an increase in library fines and fees due to the new Agave branch opening in summer 2009.

## Parks and Recreation Fees

This category includes parks concession revenues, swimming pool revenues, fees for the use of various park facilities such as ball fields and recreation programs, activities at Municipal Stadium, Maryvale Stadium and the Papago Baseball Facility, and other miscellaneous park fees. The 2009-10 estimate of \$6,463,000 is \$316,000 or 5.1 percent above the 2008-09 estimate. The increase in 2009-10 is primarily due to implementing and increasing a variety of fees to help lessen the impact to the community of budget reductions. This included fees for non-resident class registration and recreation center cards.

## Planning

User fees in this category include rezoning fees and zoning adjustment fees for use permits and variances. The 2009-10 estimate of \$1,305,000 reflects no change from the 2008-09 estimate.

## Police

The Police Department receives revenues for various services and programs. Police services are provided on a fee-per-hour basis for school and athletic events as well as other activities where a law enforcement presence is desired. In addition, a false alarm program includes both permit fees and assessments for false alarm responses. For 2009-10, the estimate of \$15,891,000 is 14.7 percent more than the 2008-09 estimate of \$13,855,000. The increase is due to a projected increase in revenue from reimbursements for school resource officers, traffic control at special events and intergovernmental agreements with other law enforcement agencies.

## Street Transportation

This user fee category includes permit fees for utility construction in the public rights of way as well as utility ordinance inspections. The 2009-10 estimate of \$2,727,000 is \$701,000 more than the 2008-09 estimate of \$2,026,000.

## Other Service Charges

Revenue in this category is composed of several non-tax sources including interest income, parking meter revenue, the Downtown Enhancement District, in lieu property taxes, sales of surplus and abandoned property, various rental, parking and concession categories. The 2009-10 estimate of \$12,764,000 is \$1,189,000 or 10.3 percent more than the 2008-09 estimate of \$11,575,000. This is primarily due to a projected increase in parking meter revenue.

## All Other Fees

This fee category consists of miscellaneous service charges in the Finance, Housing, Human Services and Neighborhood Services departments and miscellaneous categories. The 2009-10 estimate of \$5,055,000 is \$1,737,000 or 52.4 percent more than the 2008-09 estimate of \$3,318,000. The increase is attributable to an anticipated increase in revenue from treasury collection service fees, marketing agreements and cell tower revenues.



## NON-GENERAL FUNDS

Non-General Fund revenues consist of two major categories: Special Revenue and Enterprise funds. The following sections provide descriptions of the various revenue sources in each category and explanations of 2009-10 revenue estimates. The table on the next page provides the 2008-09 and 2009-10 estimates and 2007-08 actual revenue amounts for revenues within these two categories.

## SPECIAL REVENUE FUNDS

This category consists of several revenue sources that are earmarked for specific purposes. Included in this category are voter-approved sales taxes for Neighborhood Protection, Parks and Preserves, Transit 2000, Public Safety Enhancement, and 2007 Public Safety Expansion. Also included in this category are revenue from Court Awards, Development Services, Capital Construction, Sports Facilities, Arizona Highway User Revenue funds, Local Transportation Assistance funds, Public Transit, Community Reinvestment, Secondary Property Tax, grant funds and other revenues.

### Neighborhood Protection Sales Tax

This 0.1 percent sales tax rate was approved by the voters in October 1993 and implemented in December 1993. As presented to the voters, the 0.1 percent increase is specifically earmarked for Police neighborhood protection programs (70 percent), Police Block Watch programs (5 percent) and Fire neighborhood protection programs (25 percent). The 2009-10 estimate of \$27,832,000 is \$1,924,000 or 7.4 percent greater than the 2008-09 estimate of \$25,908,000. These estimates are consistent with those for the same categories in the local sales tax discussion. Also, \$189,000 is estimated for interest earnings in 2009-10 for Block Watch.

### 2007 Public Safety Expansion Tax

The 2007 Public Safety Expansion sales tax is a 0.2 percent sales tax approved by voters in September 2007 and implemented in December 2007. Revenues are allocated 80 percent to Police and 20 percent to Fire. The funds are used for hiring additional police personnel and firefighters; to hire crime scene investigation teams to improve evidence collection; and to improve fire protection services, improve response times, and increase paramedic and other emergency medical services. The 2009-10 estimate is \$54,505,000 and the 2008-09 estimate is \$50,386,000. These estimates are consistent with those for the same categories in the local sales tax discussion. Also, \$518,000 is estimated for interest earnings in 2009-10.

### Public Safety Enhancement Sales Tax

The Public Safety Enhancement sales tax was implemented on May 1, 2005, and is made up of the 2.0 percent increment of the 2.7 percent sales tax on utilities with franchise agreements. The fund is allocated between Police and Fire needs. The Police Public Safety Enhancement Fund is allocated 62 percent of revenues and is dedicated to Police and Emergency Management needs. The Fire Public Safety Enhancement Fund is allocated 38 percent of the revenues collected and is dedicated to Fire needs. The 2009-10 estimate of \$26,790,000 is \$1,080,000 or 4.2 percent greater than the 2008-09 estimate of \$25,710,000. These estimates are consistent with the utilities sales tax forecast for the General Fund.

### Parks and Preserves Sales Tax

The Parks and Preserves sales tax is a 0.1 percent sales tax rate increase originally approved by voters in September 1999 and implemented in November 1999. Revenues from the 0.1 percent tax are allocated to park improvements and acquisition of desert preserves. This tax was renewed by voters for a 30-year period in May 2008. Sixty percent of the revenues are to be used for parks and recreation and 40 percent for desert preserves. The 2009-10 estimate of \$27,831,000 is \$1,922,000 or 7.4 percent more than the 2008-09 estimate of \$25,909,000. These estimates are consistent with the estimates for the same categories in the local sales tax discussion. Also, \$1,962,000 is estimated for interest earnings in 2009-10.

### Transit 2000 Funds

The Transit 2000 tax is a 0.4 percent sales tax approved by the voters in March 2000 and implemented in June 2000. The 0.4 percent tax is specifically earmarked for transit programs and improvements. The 2009-10 estimate of \$111,326,000 is \$7,691,000 or 7.4 percent greater than the 2008-09 estimate of \$103,635,000. These estimates are consistent with the estimates for the same categories in the local sales tax discussion.

Also included in this fund are fare box and other miscellaneous transit system revenues. Fare box revenues are the revenues collected by the transit service for bus ridership. The 2009-10 fare box revenue estimate of \$57,959,000 is 57.3 percent greater than the 2008-09 estimate. The increase is primarily attributable to fares for a full year of the newly opened light rail and fare increases effective July 2009. The 2009-10 estimate also includes interest earnings and other miscellaneous revenue of \$11,970,000 which is a 40.0 percent decrease from 2008-09 estimate of \$19,952,000. The decrease in interest earnings and miscellaneous revenue is the result of the planned reduction in the Light Rail Fund balance and a reduction in LNG fuel tax credits.