

Issue Amount	Issue Description	Date of Final Official Statement	CUSIP No. of the Bonds		Captions Being Updated	Page No.
\$ 275,362,352	City of Phoenix Civic Improvement Corporation State of Arizona Distribution Revenue Bonds, Series 2005B (Civic Plaza Expansion Project)	09/21/05	71884WAA9 71884WAB7 71884WAG6 71884WAH4 71884WAJ0 71884WAK7 71884WAL5 71884WAM3 71884WAN1 71884WAP6 71884WAQ4 71884WAR2 71884WAS0 71884WAT8 71884WAU5	71884WAV3 71884WAW1 71884WAX9 71884WAY7 71884WAZ4 71884WBA8 71884WBB6 71884WBC4 71884WBD2 71884WBE0 71884WBF7 71884WBG5 71884WBH3 71884WBJ9	Appendix C - City of Phoenix, Arizona - Obligations Payable From Excise Taxes	C-1

**APPENDIX C**

**CITY OF PHOENIX, ARIZONA  
OBLIGATIONS PAYABLE FROM EXCISE TAXES**

The City of Phoenix Civic Improvement Corporation (the “*Corporation*”) issued bonds, (the “*2005A Bonds* and the “*2005B Bonds*”) to construct, expand, modify and improve the Phoenix Convention Center (the “*PCC*”) to create additional rentable convention space through the construction of a new four-level meeting facility on the symphony terrace site adjacent to the existing original PCC, replacing the existing north building of the PCC with a new four-level facility, and providing transitional improvements and structural renovations to the south building of the original PCC, (the “*PCC Project*”).

The Corporation assisted in the financing of the PCC Project by issuing its 2005A Bonds and 2005B Bonds (the 2005B Bonds are also referred to as the “*State Distribution Bonds*”) for such purpose and by entering into a loan agreement with the City of Phoenix (the “*City*”) related to each series of bonds. The 2005A Bonds funded the City's portion of the PCC Project and the debt service thereon will be paid from loan payments (the “*2005A Loan Payments*”) from the City to the Corporation pursuant to a loan agreement entered into between the Corporation as lender and the City as obligor. The 2005A Loan Payments are payable from and secured solely by the City's Excise Taxes (as defined and described below). The 2005A Bonds were refunded in calendar year 2015 with the 2015A Bonds, and subsequently the 2015A Bonds were refunded in calendar year 2025 with the 2025C Bonds.

The 2005B Bonds funded the State-backed portion of the PCC Project and the debt service thereon is expected to be paid primarily from loan payments (the “*2005B Loan Payments*”) from the City of Phoenix to the Corporation pursuant to a loan agreement entered into between the Corporation as lender and the City as obligor. **The 2005B Loan Payments will be paid from and secured solely by distributions (the “*State Distributions*”) the City receives pursuant to legislation passed in 2003 authorizing State funding of up to fifty percent for certain convention center developments in the State (the “*2003 Legislation*”).** The first State distribution was received on August 1, 2009, and payments continue to be made on time.

The following table shows City of Phoenix Civic Improvement Corporation State of Arizona Distribution Revenue obligations outstanding as of January 1, 2026:

**City of Phoenix Civic Improvement Corporation  
State of Arizona Distribution Revenue Bonded Debt Outstanding**

<b>Issue Date</b>	<b>Original Issuance</b>	<b>Purpose</b>	<b>Bonds Outstanding As of 1-1-26</b>
10-06-05	\$275,362,351.75	Convention Center Expansion	\$234,791,699.60

On April 6, 2011, the Governor of the State of Arizona signed into law Senate Bill 1616 (“*SB1616*”) revising the annual amount of State Distributions to the City to pay debt service on the State Distribution Bonds. The revised schedule of State Distributions is sufficient to make loan payments when due and the City has agreed to make the loan payments required to pay debt service on the bonds when due from the State Distributions.

**NOTE**

At the time the 2005B Bonds were sold, the City pledged Excise Taxes for a temporary period prior to completion of the PCC Project. The ability of the City to make the required 2005B Loan Payments to pay debt service on the 2005B Bonds, when due, solely from the State Distributions was dependent upon timely completion of the PCC Project and on total non-City costs of the PCC Project being equal to \$300,000,000. If the completion of construction had been delayed and the City was not able to certify construction completion by July 31, 2009, all State Distributions would have been delayed with the result that State Distributions may not have been sufficient to permit the City to make the 2005B Loan Payments in full during certain years. Likewise, if the total costs of the PCC Project backed by State Distributions were less than \$300,000,000, under the 2003 Legislation, the State Distributions would have been reduced proportionately with the result that funds from the projected State Distributions would not have been sufficient to permit the City to make the loan payments. If either or both of these events were to have occurred, the City agreed in the 2005B Loan Agreement to advance the amount of any shortfall through additional loan payments (the “*Advance Payments*”). **To secure its obligation to make the Advance Payments, if needed, the City pledged its Excise Taxes. Since the PCC Project was certified complete by July 31, 2009, and PCC Project costs were \$300,000,000, the City's obligation to make the Additional Loan Payments was terminated.**

Although not pledged to the State of Arizona Distribution Revenue Bonds, the following describes the Excise Tax pledge and presents all outstanding Excise Tax obligations.

### **OUTSTANDING SENIOR OBLIGATIONS**

As of January 1, 2026, there are no outstanding Senior Obligations, but the senior lien priority remains available for future use.

## **OUTSTANDING JUNIOR OBLIGATIONS**

There are currently no outstanding Junior Obligations.

## OUTSTANDING SUBORDINATED JUNIOR OBLIGATIONS

The City also entered into leases with the City of Phoenix Civic Improvement Corporation to finance the acquisition of certain municipal facilities, consisting of real property and equipment. The Corporation issued bonds for payment of the acquisition costs, and the City pledged its excise tax collections to make lease payments sufficient to pay principal and interest on the bonds. This pledge is on a parity with all other outstanding subordinated excise tax obligations and is subordinate to the pledge on all outstanding senior lien and junior lien excise tax obligations, although there are currently no junior lien excise tax obligations outstanding.

The City entered into lease and leaseback agreements with the City of Phoenix Civic Improvement Corporation for the purpose of acquiring and constructing a downtown multipurpose arena. The Corporation issued bonds for the payment of the City's portion of land acquisition and construction costs, and the City pledged its excise tax collections to make lease payments sufficient to pay principal and interest on the bonds. This pledge is on a parity with all other outstanding subordinated excise tax obligations and is subordinate to the pledge on all outstanding senior lien and junior lien excise tax obligations.

The City entered into a leaseback agreement with the Phoenix Civic Plaza Building Corporation for the purpose of acquiring the site for and constructing and equipping a multi-level parking structure to serve the downtown area of the City. The Corporation issued bonds for the payment of acquisition and construction costs, and the City pledged its excise tax collections to make lease payments sufficient to pay principal and interest on the bonds. This pledge is on a parity with all other outstanding subordinated excise tax obligations and is subordinate to the pledge on all outstanding senior lien and junior lien excise tax obligations. These bonds have been refunded through the City of Phoenix Civic Improvement Corporation.

The City entered into a leaseback agreement with the City of Phoenix Civic Improvement Corporation for the purpose of financing the acquisition of certain real property as well as the construction of certain improvements to the City's solid waste system. The Corporation issued bonds for the payment of acquisition and construction costs, and the City pledged its excise tax collections to make lease payments sufficient to pay principal and interest on the bonds. This pledge is on a parity with all other outstanding subordinated excise tax obligations and is subordinate to the pledge on all outstanding senior lien and junior lien excise tax obligations. In keeping with the City's policy of maintaining the City's solid waste system as a self-supporting enterprise, solid waste revenues are used to pay the debt service on bonds issued by the Corporation for solid waste improvements.

The City entered into a loan agreement with the City of Phoenix Civic Improvement Corporation to finance a portion of the costs to construct, expand, modify and improve the Phoenix Convention Center. The Corporation issued bonds to fund a portion of the costs of the Phoenix Convention Center expansion project, and the City pledged its excise tax collections to make loan payments sufficient to pay principal and interest on the bonds. This pledge is on a parity with all other outstanding subordinated excise tax obligations and is subordinate to the pledge on all outstanding senior lien and junior lien excise tax obligations.

The City entered into a loan agreement with the City of Phoenix Civic Improvement Corporation for the purpose of financing the renovation of the 100 West Washington building, which after completion, will serve as the new Police Department Headquarters. The Corporation issued bonds to fund significant infrastructure upgrades and other build-out costs including the 911 call and dispatch center, which will be operating 24/7/365. The City pledged its excise tax collections to make loan payments sufficient to pay principal and interest on the bonds. This pledge is on a parity with all other outstanding subordinated excise tax obligations and is subordinate to the pledge on all outstanding senior lien and junior lien excise tax obligations.

The City entered into a loan agreement with the City of Phoenix Civic Improvement Corporation to finance or reimburse for costs of acquiring, constructing, expanding and improving real and personal property for technology upgrades, solid waste facilities and equipment, public safety property, systems and equipment and other municipal facilities for the City plus related financing costs. The City pledged its excise tax collections to make loan payments sufficient to pay principal and interest on the bonds. This pledge is on a parity with all other outstanding subordinated excise tax obligations and is subordinate to the pledge on all outstanding senior lien and junior lien excise tax obligations.

The City entered into a loan agreement with the Corporation to fund the costs of maintenance, expansion, and improvement of the City's streets and roadways, including major roadway improvements and substantial asphalt overlay citywide. The City pledged its excise tax collections received from a 0.7% incremental dedicated transaction privilege and use tax that was approved by voters at a special election held August 25, 2015. Unless extended, the Transportation Excise tax is set to expire on December 31, 2050. This pledge is secured by a senior lien obligations.

As of January 1, 2026 there are no Senior Obligations outstanding, but the senior lien priority remains available for future use if necessary.

The following issues of City of Phoenix Civic Improvement Corporation Subordinated Junior Obligations are outstanding as of January 1, 2026:

**City of Phoenix Civic Improvement Corporation  
Subordinated Junior Lien Debt Outstanding**

<b>Issue Date</b>	<b>Original Issuance</b>	<b>Purpose</b>	<b>Maturity Dates</b>	<b>Interest Rate</b>	<b>Outstanding As of 1-1-26</b>
05-12-15	\$ 60,895,000	Municipal Facilities Refunding (Taxable)	7-1-16/35	3.34%	\$ 24,970,000
06-01-17	116,835,000	Municipal Facilities	7-1-18/32	4.39	34,135,000
06-01-17	101,895,000	Municipal Facilities Refunding	7-1-19/29	4.64	27,935,000
08-25-20	131,595,000	Municipal Facilities(1)	7-1-21/45	4.68	112,130,000
08-25-20	150,000,000	Municipal Facilities-Arena (Taxable)	7-1-21/45	2.36	125,330,000
08-25-20	116,685,000	Municipal Facilities Refunding (Taxable)	7-1-23/36	1.50	74,415,000
08-03-22	131,650,000	Municipal Facilities	7-1-25/47	5.00	128,470,000
07-17-24	180,000,000	Municipal Facilities	7-1-25/44	5.00	174,780,000
07-16-25	138,950,000	Municipal Facilities	7-1-28/45	5.00	138,950,000
07-16-25	26,000,000	Municipal Facilities (Taxable)	7-1-28/45	5.30	26,000,000
07-16-25	219,115,000	Municipal Facilities Refunding(2)	7-1-26/41	5.00	219,115,000
<b>Total City of Phoenix Civic Improvement Corporation Subordinated Junior Lien Bonded Debt</b>					<b>\$ 1,086,230,000</b>

- (1) Debt service requirements on \$25,175,000 of these obligations are supported by solid waste revenues.
- (2) Debt service requirements on \$6,170,000 of these obligations are supported by solid waste revenues.

The City has agreed not to further encumber the Excise Taxes on a parity with the payments under the leaseback agreements unless the Prior Excise Taxes are at least equal to the highest combined total of the following for any succeeding 12 months: (i) principal and interest requirements on the Senior Obligations and the Junior Obligations during such period, plus (ii) two times the principal and interest requirements for all Subordinated Junior Obligations including the Bonds and parity obligations then outstanding and proposed to be issued during such period. In computing the interest requirements on obligations which bear or are to bear interest at a variable interest rate, such interest requirements shall be assumed to be a fixed interest rate equal to the greater of: (1) 9.2% or (2) (a) if any variable rate obligations secured by a pledge of Excise Taxes are outstanding, the highest variable rate actually borne by such obligations over the previous 24 months, or (b) if no such variable rate obligations are outstanding, then the highest rate borne by variable rate obligations over the previous 24 months for which the interest rate is computed by reference to an index, or based on factors, comparable to that to be utilized for the proposed obligations.

The City entered into a loan agreement with the City of Phoenix Civic Improvement Corporation to finance a portion of the costs to construct, expand, modify and improve the Phoenix Convention Center to create additional rentable convention space (the "Convention Center Project"). The Corporation issued bonds (the "State Distribution Bonds") to fund a portion of the costs of the Convention Center Project. The source of revenue for the City's payment under the loan agreement is State distributions the City receives pursuant to legislation passed in 2003 authorizing up to fifty percent State funding for certain convention center developments in the State (the "2003 Legislation"). On April 6, 2011, the Governor of the State of Arizona signed into law Senate Bill 1616 ("SB1616") revising the annual amount of State monies distributed to the City of Phoenix to pay debt service on the State Distribution Bonds. The revised schedule of State distributions will be sufficient to make loan payments when due and the City has agreed to make the loan payments required to pay debt service on the bonds when due from the State distributions. The State Distribution Bonds will be paid and secured solely by the State distribution under the 2003 Legislation. The first State distribution was received on August 1, 2009, and payments continue to be made on time.

The 2003 Legislation also requires the State Auditor General to conduct or contract for an economic and fiscal impact analysis of the Phoenix Convention Center expansion on State revenues beginning in its fifth year of operation after completion in January 2009. Under an amendment to the 2003 Legislation, beginning in 2014 and each year thereafter, if the Auditor General determines that the State has paid more in cumulative distributions than has been received in incremental revenue to the State general fund as a result of the Convention Center Project, the State can withhold State-Shared Sales Taxes from the next regularly scheduled distribution in an amount necessary to remedy the cumulative deficiency. For the calendar year ended December 31, 2023, the Arizona Auditor General report released on June 26, 2025, concluded that events held at the Phoenix Convention Center generated \$42.3 million in tax revenues for the State, which is more than the \$25.5 million the State contributed toward the Convention Center expansion. As a result, the City of Phoenix owes no monies back to the State for fiscal year 2025. Assuming moderate levels of event demand and inflationary growth of visitor spending, the report projects the Phoenix Convention Center would continue to have a net positive impact on the State general fund, but the City is unable to predict at this time whether the State may pay more in cumulative distributions than it receives in incremental revenue as a result of the Convention Center Project or to what extent State-Shared Revenues may be withheld or what defenses the City may have to such action. A debt service schedule for the State Distribution Bonds is set forth on the following page.

As part of the State's fiscal year 2021-22 budget, on June 30, 2021, the then-Governor of the State signed Senate Bill 1828 ("SB1828"), which consolidated the State's current four personal income tax rate categories into a single flat rate of 2.5% over a three-year period, beginning after December 31, 2021. Legislative reports produced at the time SB1828 was signed indicate that such a rate consolidation will result in an estimated \$1.3 billion or greater annual reduction in income tax receipts by the State, with a concurrent reduction in State-Shared Income Taxes for Arizona cities and towns. In order to partially mitigate impacts of the expected loss in State-Shared Income Taxes, SB1828 increased, beginning in fiscal year 2023-24, the percentage of Arizona State income taxes shared with cities and towns from 15% to 18%. The revenue loss to the City from the reduction in State-Shared Income Taxes as a result of SB 1828 for fiscal year 2024-25 is \$84.7 million and estimated 2025-26 is approximately \$22.7 million.

## EXCISE TAXES AND COVERAGE

### Excise Taxes in General

The Excise Taxes pledged to the payment of the 2005A Bonds and other Excise Tax pledged loan payments include the City's unrestricted revenues from transaction privilege (sales) taxes, use taxes, State-Shared Sales Taxes (as defined herein), State-Shared Income Taxes (as defined herein), franchise taxes, permits and fees and fines and forfeitures. **Excise Taxes are NOT pledged to the 2005B State Distribution Bonds.** The major categories of such revenues are discussed more fully below.

### Potential for Reduction in State Shared Revenues

As shown in the tables under the caption "Actual Excise Tax Receipts", State-Shared Income Taxes and State-Shared Sales Taxes constitute large components of Excise Taxes. The State could reduce or alter the existing formulas for determining State-Shared Revenues in connection with balancing the current years or future State budgets.

In 2016, the State Legislature passed Senate Bill 1487 ("*SB1487*"). Under SB1487, at the request of one or more members of the State Legislature, the State Attorney General must investigate any ordinance, regulation, order or other official action ("Local Action") adopted or taken by the governing body of a county, city or town (a "Local Jurisdiction") that the legislator alleges violates State law or the State Constitution. The Attorney General must make a written report within 30 days after receipt of the request. The Local Jurisdiction then has 30 days to resolve the violation. If the Attorney General determines that the violation has not been resolved within 30 days, the Attorney General must notify the State Treasurer and the State Treasurer must withhold payment to the Local Jurisdiction of State-Shared Revenues otherwise due to the Local Jurisdiction pursuant to § 42-5029(L), Arizona Revised Statutes, until such time as the Attorney General determines that the violation has been resolved. However, the State Treasurer may not withhold any amount that the Local Jurisdiction certifies to the Attorney General and the State Treasurer as being necessary to make deposits or payments for debt service on bonds or other long-term obligations that were issued or incurred before the Local Action occurred. The City is not aware of any Local Action taken or currently under consideration that does or if taken would violate State law of the State Constitution.

### City Transaction Privilege (Sales) Taxes

Transaction privilege tax ("*TPT*") is a tax on a vendor for the privilege of doing business in Arizona. The cost of TPT may be passed onto customers, but it's the business's responsibility to manage their taxes and comply with state and local laws. Phoenix imposes a TPT (sales) tax on certain business activities. The city tax is in addition to the tax imposed by the State. House Bill 2111 ("*HB 2111*"), centralized licensing and reporting effective January 1, 2017. The Arizona Department of Revenue ("*ADOR*") became the single point of administration and collection of state, county, and municipal TPT. Phoenix businesses engaged in taxable activity must be licensed with ADOR to report their Phoenix TPT liability. Further, HB 2466 required ADOR to expand its online portal, [www.AZTaxes.gov](http://www.AZTaxes.gov), simplifying the process for taxpayers to obtain licensure and file and pay returns online. Phoenix strongly encourages taxpayers to file and pay online via the State's website. Failure to do so by businesses meeting the electronic filing and paying requirements (more details available at [www.azdor.gov](http://www.azdor.gov)) can lead to penalties and interest charges.

HB 2111 also amends certain provisions relating to the taxation of the "prime contracting" (construction) category. HB 2111 maintains the current construction tax paid by prime contractors based on the location of the new construction. Still, it creates a new exemption for contractors who work directly for a property owner. Their work is limited to maintaining, repairing, or replacing existing property (e.g., HVAC, plumbing, and flooring). Instead of paying the construction tax, they will pay retail TPT on materials purchased as part of the service where those items are purchased.

On September 30, 2021, Arizona State Legislature established the Municipal Firefighters Cancer Reimbursement Fund ("*MFCR*") under the new statutes in Title 23, Chapter 11. The MFCR assessment is billed by the Industrial Commission of Arizona ("*ICA*"). Local governments can pay these obligations to ICA from any revenues source, and these fees are not expected to reduce the City's State-Shared Revenues. State statutes set the maximum total amount that can be collected from all jurisdictions at \$15 million in any fiscal year. For fiscal year 2025-26, the City of Phoenix was assessed a fee of \$4.1 million.

As a result of the passage by the State Legislature of SB 1131, effective January 1, 2025, Arizona municipalities are prohibited from levying a tax or fee on the business of renting or leasing real property for residential purposes. To partially offset the impact to City revenues from SB 1131 and SB 1828, on March 18, 2025, the City Council approved Ordinance G-7369 to increase the TPT rate by 0.5% effective July 1, 2025. The increase affects various tax categories including amusements; construction contracting; hotel/motel; job printing; manufactured buildings; publishing; commercial real estate property rental and leasing; rental, leasing, and licensing of tangible personal property; restaurants and bars; retail sales (Level 1); timbering and other extraction; transporting for hire; and use taxable purchases and out-of-state-vendors (Level 1).

## **State-Shared Sales Taxes**

Pursuant to statutory formula, cities and towns in Arizona receive a portion of the State-levied transaction privilege (sales) tax. The State transaction privilege (sales) tax is levied against most of the categories of business activity as the City's transaction privilege (sales) tax. The rate of taxation varies among the different types of business activities taxed, with the most common rate being 5.6% of the amount or volume of business transacted.

Under current State law, the aggregate amount distributed to all Arizona cities and towns is equal to 25% of the "distribution share" of revenues attributable to each category of taxable activity. The allocation to each city and town of the revenues available to all cities and towns is based on their population relative to the aggregate population of all cities and towns as shown by the latest census. State-levied transaction privilege (sales) taxes are collected by the State and are distributed monthly to cities and towns ("*State-Shared Sales Taxes*").

## **State-Shared Income Taxes**

Under current State law, Arizona cities and towns are preempted by the State from imposing a local income tax. Cities and towns are, however, entitled by statutory formula to currently receive 18% of the net proceeds of the State's personal and corporate income tax collections ("*State-Shared Income Taxes*") collected by the State two years earlier. Distribution of such funds is made monthly based on the proportion of each city's and town's population to the total population of all incorporated cities and towns in the State as determined by the latest census.

Enactment of SB1828. As part of the State's fiscal year 2021-22 budget, on June 30, 2021, the then-Governor of the State signed SB 1828, which consolidated the State's current four personal income tax rate categories into a single flat rate of 2.5% over a three-year period, beginning in 2022. Legislative reports produced at the time SB 1828 was signed indicate that such a rate consolidation will result in an estimated \$1.3 billion or greater annual reduction in income tax receipts by the State, with a concurrent reduction in State-Shared Income Taxes for Arizona cities and towns. In order to partially mitigate impacts of the expected loss in State-Shared Income Taxes, SB 1828 increased, beginning in fiscal year 2023-24, the percentage of Arizona State income taxes shared with cities and towns from 15% to 18%. The revenue loss to the City from the reduction in State-Shared Income Taxes as a result of SB 1828 for fiscal year 2024-25 is \$84.7 million and estimated 2025-26 is approximately \$22.7 million.

## **Other Excise Tax Revenues**

Cities and towns in the State have exclusive control over public rights-of-way dedicated to the municipality and may grant franchise agreements to and impose franchise taxes on utilities using those rights-of-way. A franchise may be granted only with voter approval, and the term of franchises is limited to 25 years. The City has granted franchises to and imposed franchise taxes on utility and cable television providers.

The City also imposes fees for licenses and permits to engage in certain activities within the City and for the right to utilize certain City property.

**Actual Excise Tax Receipts  
For the Fiscal Years Ended June 30**

<u>Revenue Source</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Privilege License Tax & Fees (1)(4) ...	\$527,525,000	\$653,428,000	\$715,179,000	\$733,615,000	\$715,552,000
Utility & Franchise (2) .....	137,138,000	139,766,000	149,145,000	161,906,000	177,678,000
Licenses & Permits .....	2,694,000	3,022,000	3,018,000	2,882,000	2,823,000
State-Shared Sales Tax (4) .....	201,292,000	229,901,000	241,813,000	249,504,000	253,980,000
State-Shared Income Tax (3) .....	240,237,000	213,294,000	308,183,000	435,754,000	351,016,000
Recreational Marijuana Sales Tax.....	3,424,000	12,812,000	15,175,000	12,006,000	12,277,000
Total .....	<u>\$1,112,310,000</u>	<u>\$1,252,223,000</u>	<u>\$1,432,513,000</u>	<u>\$1,595,667,000</u>	<u>\$1,513,326,000</u>

- (1) Receipts do not include revenues from the 0.1% increase in the City’s privilege license (sales) tax rate approved by City of Phoenix voters on October 5, 1993. The revenues produced by the increase must be used to add police officers and firefighters and to expand neighborhood programs designed to deter crime. The increase affects all privilege license tax categories except advertising, utilities, cable television, jet fuel, telecommunications and mining and became effective December 1, 1993. The revenues resulting from this increase totaled \$40.9 million in 2020-21, \$49.2 in 2021-22, \$53.1 in 2022-23, \$55.0 in 2023-24, and \$53.4 million in 2024-25.

Receipts do not include revenues from the 0.1% increase in the City’s privilege license (sales) tax rate approved by City of Phoenix voters on September 7, 1999, and to be levied for a 10-year period beginning November 1, 1999. The revenues produced by the increase will be used for the acquisition of desert preserve open space and the development and improvement of regional and neighborhood parks located within the City. On May 20, 2008, City of Phoenix voters approved a 30-year extension of this tax. This extension also increases the possible uses of these funds to include operational expenses such as salaries for park rangers and maintenance workers. Forty percent of the revenues produced by the extension will be used to acquire land for Phoenix’s Sonoran Preserve. The remaining sixty percent will be used to finance improvements to parks throughout the City. The extension became effective July 1, 2008. The increase affects all privilege license tax categories except advertising, utilities, cable television, jet fuel, telecommunications, and mining. The revenues resulting from this increase totaled \$40.9 million in 2020-21, \$49.2 in 2021-22, \$53.1 in 2022-23, \$55.0 in 2023-24, and \$53.4 million in 2024-25.

Receipts do not include revenues from the 0.4% increase in the City’s privilege license (sales) tax rate approved by City of Phoenix voters on March 14, 2000, and to be levied for a 20-year period. The revenues produced by the increase will be used for expanded bus service, the construction of a light rail system and other transportation improvements. The increase affects all privilege license tax categories except advertising, utilities, cable television, jet fuel, telecommunications, and mining and became effective June 1, 2000. On August 25, 2015, voters approved a new comprehensive transportation plan and funding tax proposal that increased the existing tax rate to 0.7%, effective January 1, 2016, with a sunset date of December 31, 2050. The revenues resulting from the increase totaled \$279.3 million in 2020-21, \$335.6 in 2021-22, \$362.5 in 2022-23, \$376.2 million in 2023-24, and \$365.5 million in 2024-25.

Receipts do not include revenues from the 0.2% increase in the City’s privilege license (sales) tax rate approved by City of Phoenix voters on September 11, 2007. Eighty percent of the revenues produced by the increase will be used by the Phoenix Police Department to recruit, hire, train and equip at least 500 police officers and police personnel; hire crime scene investigation (“CSI”) forensic teams; and to make service calls more efficient. Twenty percent of the revenues produced by the increase will be used by the Phoenix Fire Department to recruit, hire, train and equip at least 100 firefighters and fire personnel to improve fire protection services. The increase affects all privilege license tax categories except advertising, utilities, cable television, jet fuel, telecommunications and mining and became effective December 1, 2007. The revenues resulting from this increase totaled \$81.9 million in 2020-21, \$98.3 in 2021-22, \$106.3 in 2022-23, \$110.0 in 2023-24, and \$106.8 million in 2024-25.

- (2) On March 8, 2005, Phoenix voters approved new franchise agreements between the City and certain utilities. Effective May 1, 2005, the 2.0% privilege (sales) tax credit offset from franchise fees paid to the City by persons engaged in or continuing in the business of producing, providing, or furnishing utility services was eliminated. The effect of the elimination of the tax credit was an increase in utility & franchise fee collections \$24.5 million in 2020-21, \$26.5 in 2021-22, \$30.1 in 2022-23, \$31.3 in 2023-24, and \$35.2 million in 2024-25.
- (3) As part of the State’s fiscal year 2021-22 budget, on June 30, 2021, the then-Governor of the State signed Senate Bill 1828 which consolidated the State’s current four personal income tax rate categories into a single flat rate of 2.5% over a three-year period, beginning after December 31, 2021. Legislative reports produced at the time SB1828 was signed indicate that such a rate consolidation will result in an estimated \$1.3 billion or greater annual reduction in income tax receipts by the State, with a concurrent reduction in State-Shared Income Taxes for Arizona cities and towns. In order to partially mitigate impacts of the expected loss in State-Shared Income Taxes, SB1828 increased, beginning in fiscal year 2023-24, the percentage of Arizona State income taxes shared with cities and towns from 15% to 18%. The revenue loss to the City from the reduction in State-Shared Income Taxes as a result of SB 1828 for fiscal year 2024-25 is \$84.7 million.

- (4) As a result of the passage of SB 1131, effective January 1, 2025, Arizona municipalities are prohibited from levying a tax or fee on the business of renting or leasing real property for residential purposes. To partially offset the impact to City revenues from SB 1131 and SB 1828, on March 18, 2025, the City Council approved an increase of 0.5% to the TPT and use tax rates, increasing the current rates from 2.3% to 2.8% with an effective date of July 1, 2025.