

FISCAL SUSTAINABILITY TASK FORCE

Expense and Revenue
Overview
August 21, 2013

Meeting 5

OFFICE OF MANAGEMENT AND BUDGET

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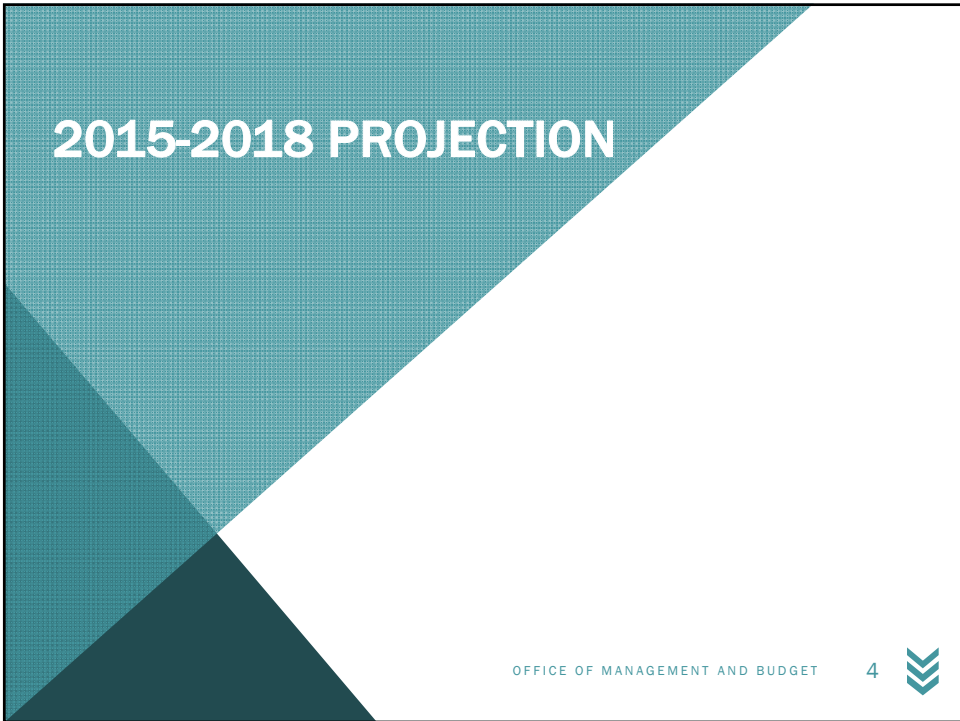
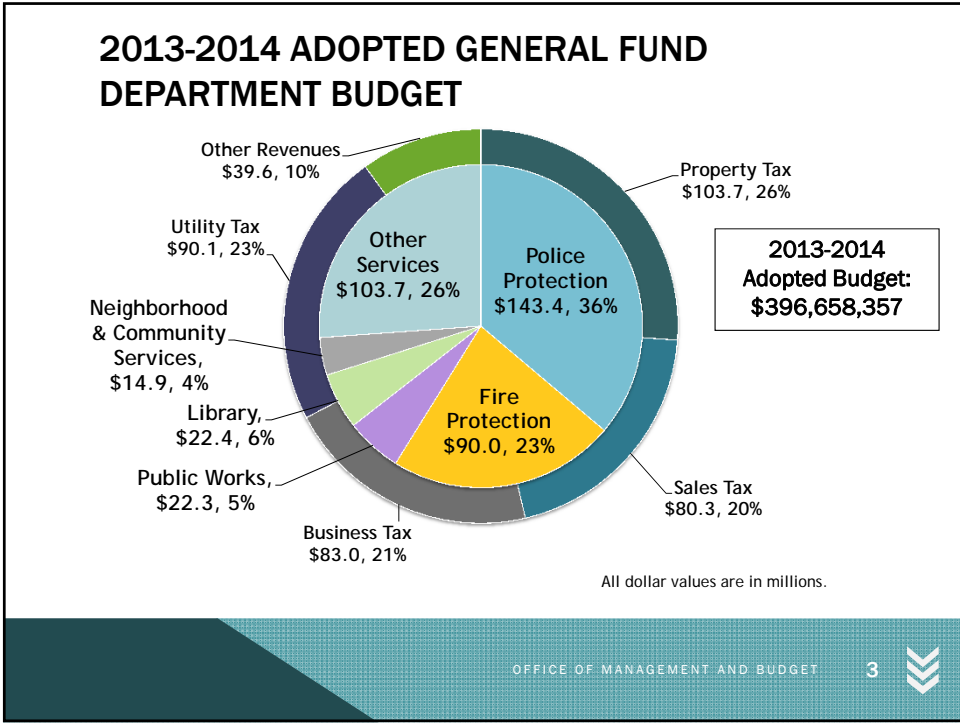
OVERVIEW

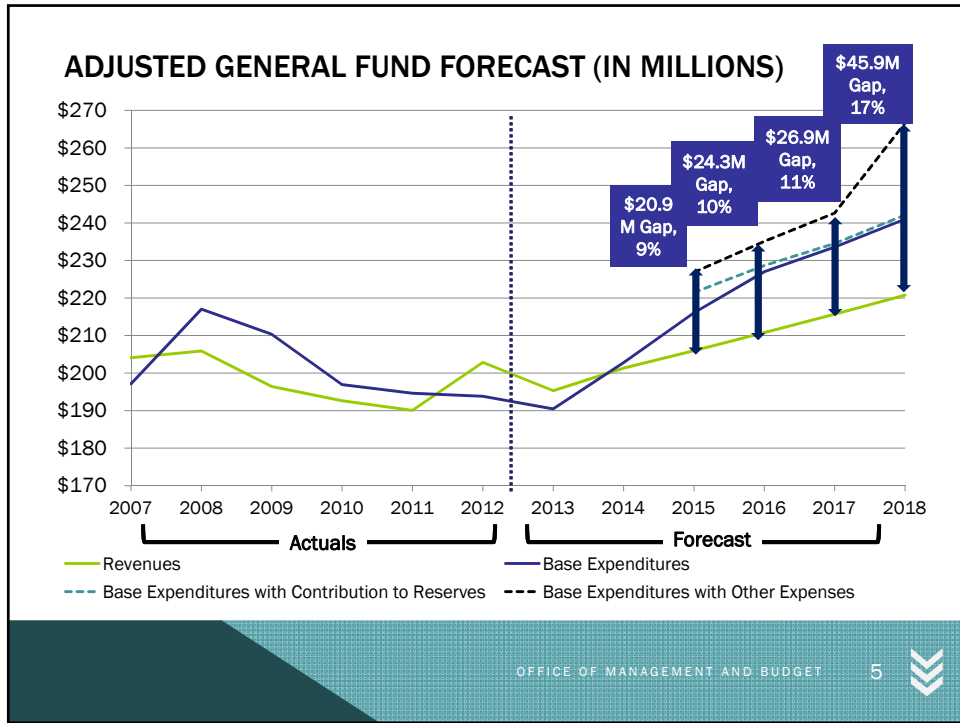
- 2015-2018 Projection
- General Fund Expenses
 - Major Cost Drivers
- General Fund Revenues
 - Major Tax Revenues

OFFICE OF MANAGEMENT AND BUDGET

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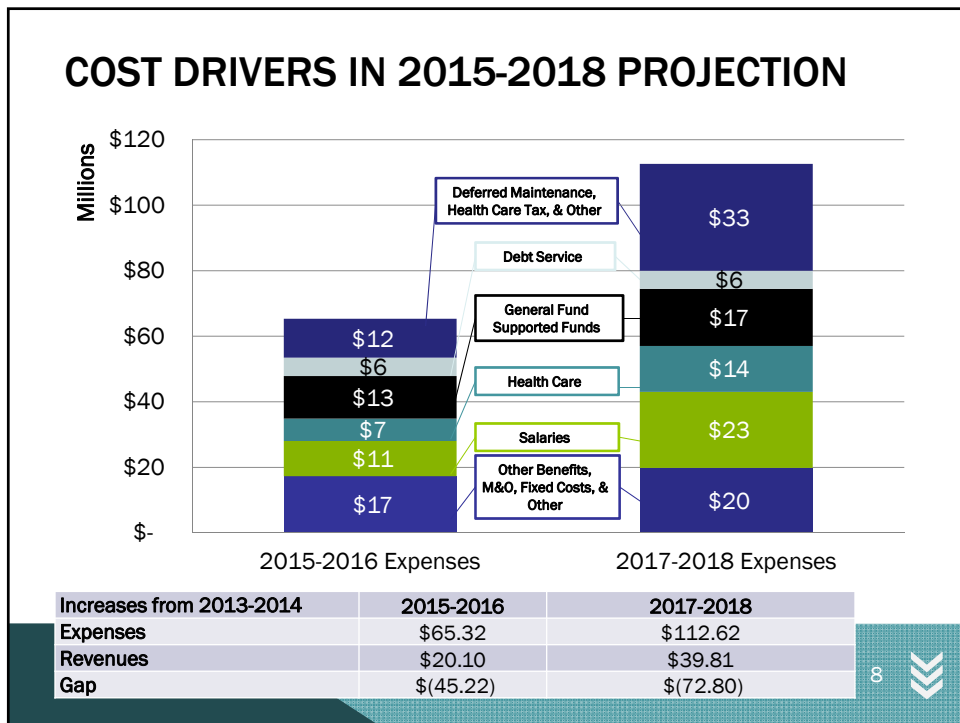
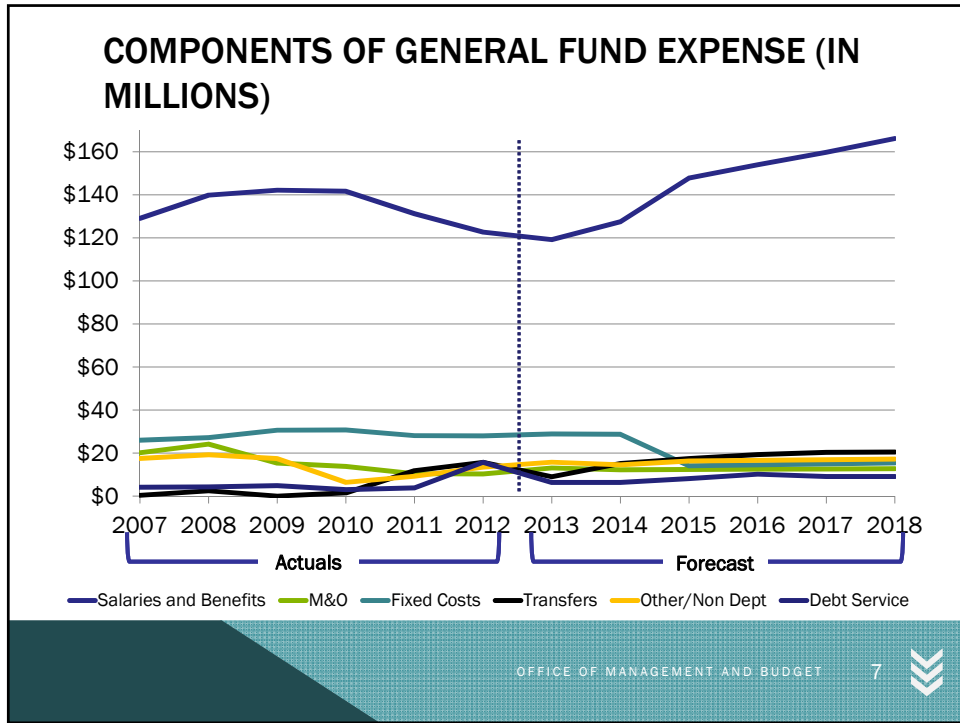






EXPENSE OVERVIEW

OFFICE OF MANAGEMENT AND BUDGET 6



SUMMARY

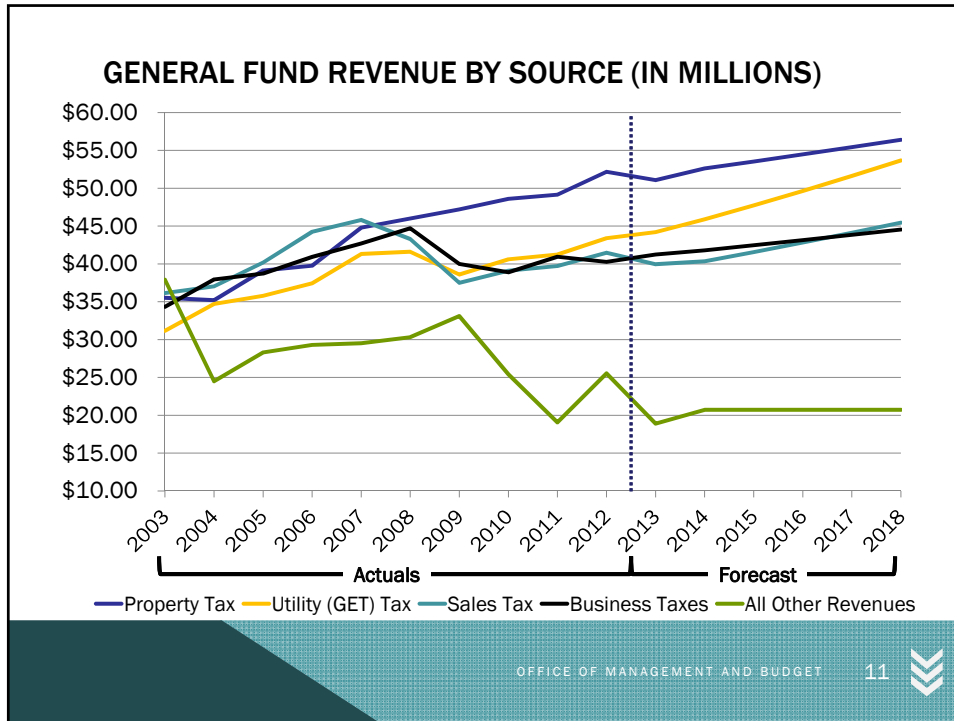
2015-2018 Average Annual Growth	
Revenues	2.3%
Expenditures	6.3%

- **Projection assumes existing service levels**
- **Cost drivers include:**
 - Personnel Costs – Salaries, healthcare, and retirement benefits
 - Debt Service
 - General Fund Supported Funds (Streets, Traffic Enforcement, Mountain Rail, Permitting, Parking, and Public Assembly Facilities)
 - Deferred Maintenance
- **Some costs are more easily changed than others**
- **One time reductions are not sustainable**



REVENUE OVERVIEW





REVENUE ASSUMPTIONS IN 2015-2018 FORECAST

Revenue Source	Projected Yearly Increases
Property Tax	1.75%
Sales Tax	3.03%
B&O Tax	1.6%
Utility Tax	4.0%
Other	Flat or small increases

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SUMMARY

- Revenues are forecasted to grow at a lower rate than expenditures
- Tacoma’s four main General Fund revenue sources are property tax, gross earnings tax on utilities, sales tax and business and occupation tax (B&O)
- Ability to assess and collect revenues is regulated by a combination of state/county/city laws, rules and regulations
- Diversified revenues mean that the City’s revenues are likely more stable than if the City relied on a single or few sources of revenues



SUMMARY

	Revenue Alternatives
City Council Vote	<ul style="list-style-type: none"> • B&O – could increase to 0.02% limit on wholesaling, manufacturing, retailing and grain and would raise \$9M annually
Citizen Vote	<ul style="list-style-type: none"> • Sales Tax – Local Criminal Justice would increase sales tax by 0.1% and would raise approx. \$4M annually • Property Tax Levy Lid Lift – could increase by amount up to \$3.60 maximum annually • GET Tax – could increase power, natural gas and telephone increase to 8% (limit of City Charter) would raise \$10-11M annually • GET Tax – could increase beyond City Charter for all or specific utilities • B&O Tax – could increase beyond 0.02%
State Legislative Approval	<ul style="list-style-type: none"> • Sales Tax – state approval for new dedicated sales tax increases or increase in General Fund funding, could require City Council vote or Citizen Vote • Property Tax – change to 1% limit or \$3.60 levy rate limit, change to the authority to collect for EMS or other special levies • State Distributed Revenues – could modify the amount distributed to cities, such as liquor revenues, or criminal justice revenues • Additional Authority – for example increased vehicle tab fee authority or street utility



FISCAL SUSTAINABILITY TASK FORCE

Revenue Overview
July 24, 2013

Meeting 3

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