



April 21, 2026

# City Manager's Fiscal Year 2027 Recommended Budget

# \* Public & Employee Engagement

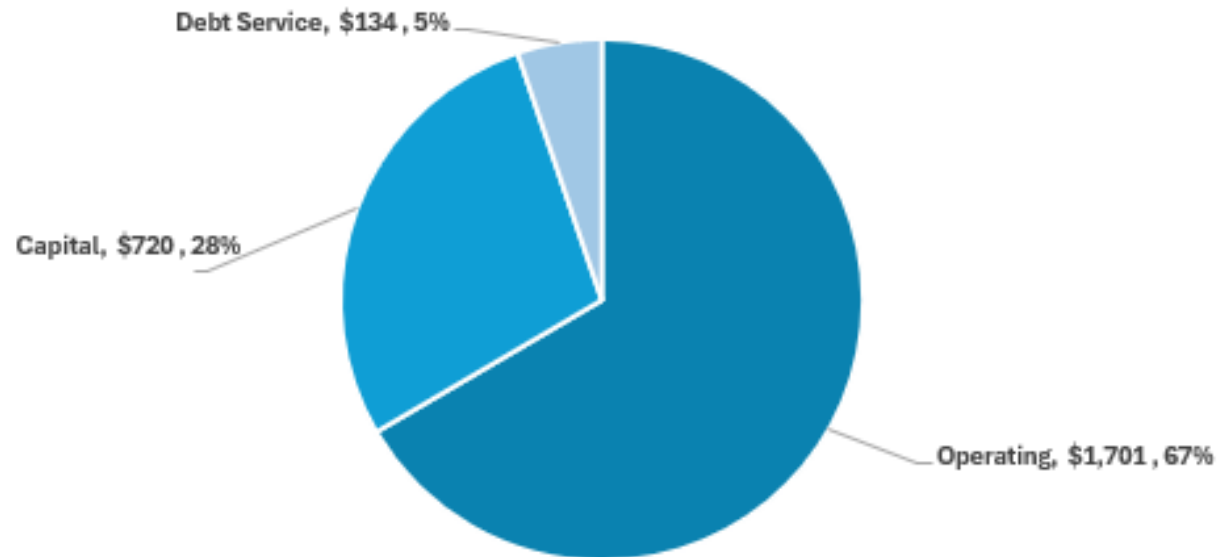
- “Housing Equation” Fall Budget Engagement
- Employee Budget Town Hall
- Joint Meeting of Labor and Executive Leadership

# FY26 Year End Projections

- Adopted Budget General Fund Revenues: \$776.2 million
- Projected General Fund Revenues: \$733.2 million (**\$43 million Low**)
- FY26 “Spend Plan” enacted in Fall 2025
- Projected FY26 Year-End Operations Surplus / (Deficit): (\$1.6 million)
- Projected FY26 Year-End Available Cash Balance: \$80.4 million
- Projected Year-End Results are better than Mid-Year estimates, attributed mostly to effective spend management

# FY27 Recommended Budget

## \$2.55 Billion Total Expenditures (in millions)

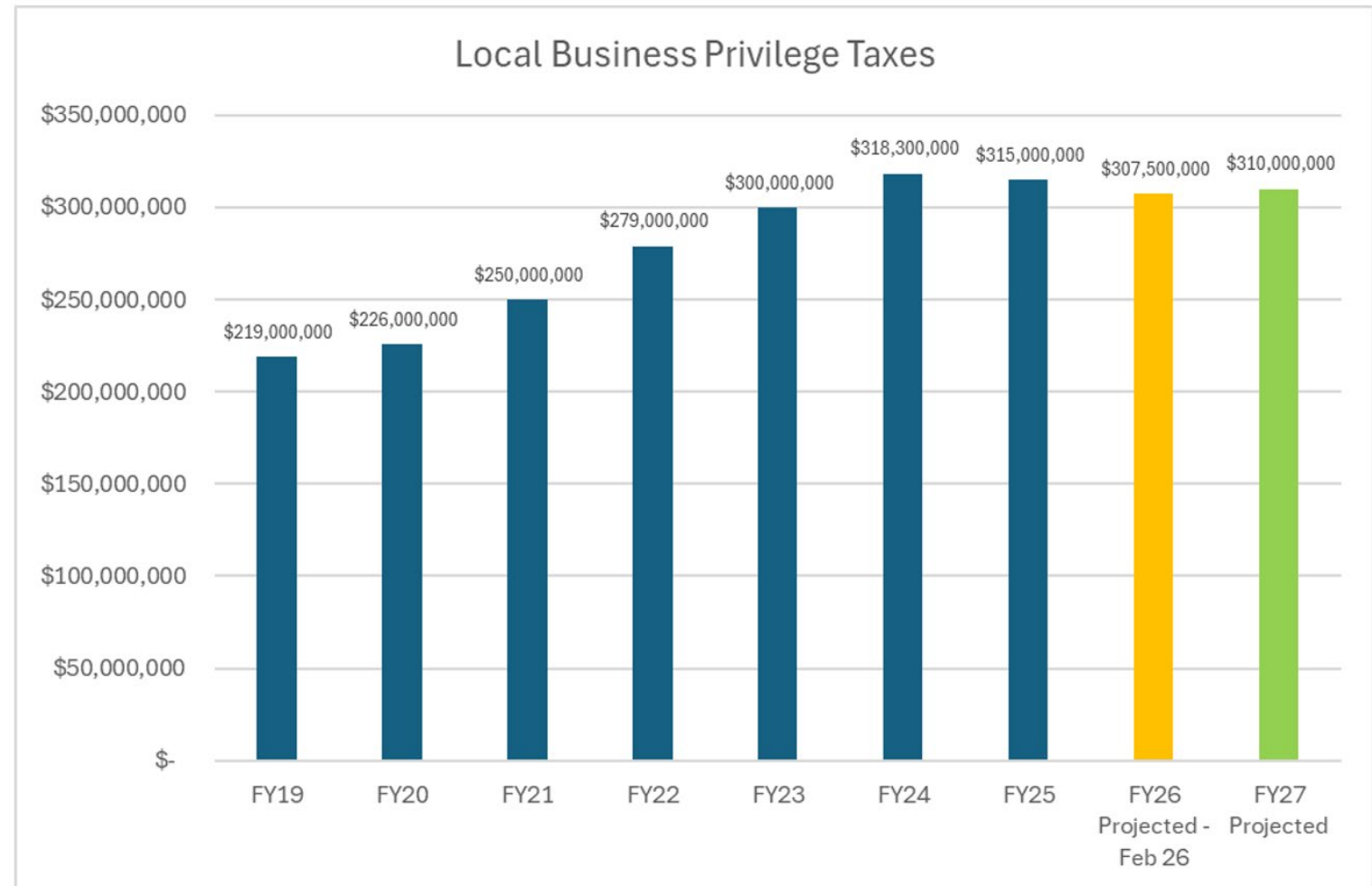


# FY27 Budget Overview

## General Fund Revenues

Local Sales Tax:

Slow Recovery Projected

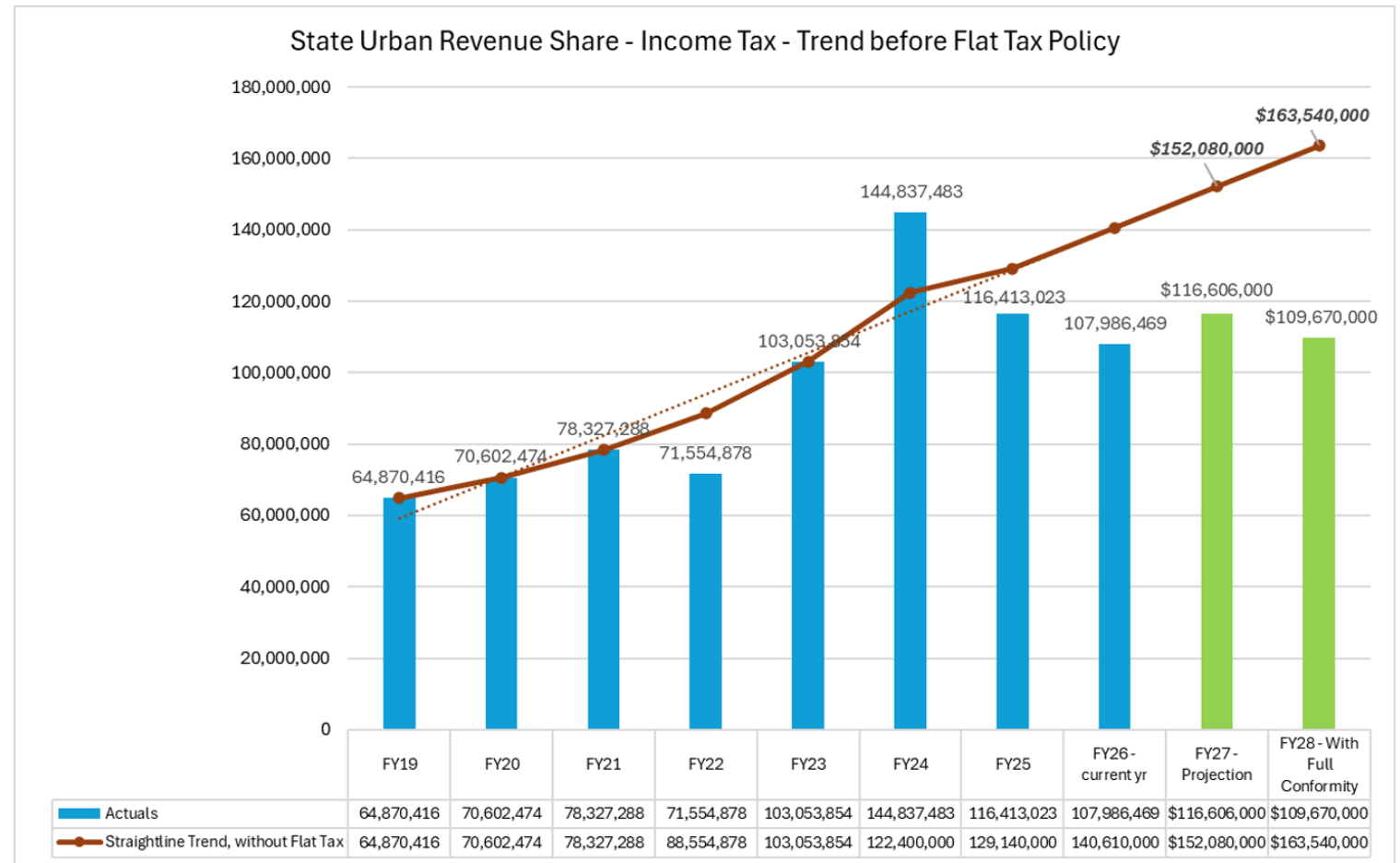


# FY27 Budget Overview

## General Fund Revenues

### State Shared Income Tax:

FY27 – Another Reduction



# FY27 Budget Overview

## General Fund Revenues

Property Tax:

Lower Local Rate

	Adopted FY 26 Levy	Actual FY 26 Levy	FY 27 Maximum Levy Amount	Amount of Levy Increase/ (Decrease)
Property Tax				
Primary	\$ 19,242,250	\$ 19,242,250	\$ 19,788,080	\$ 545,830
Primary - Involuntary Tort	1,733,290	1,733,290	989,850	(743,440)
<b>Total</b>	<b>\$ 20,975,540</b>	<b>\$ 20,975,540</b>	<b>\$ 20,777,930</b>	<b>\$ (197,610)</b>

	Adopted FY 26 Rate	Actual FY 26 Rate	Estimated FY 27 Rate	Amount Rate Increase/ (Decrease)
Property Tax				
Primary	\$ 0.4085	\$ 0.4085	\$ 0.4043	\$ (0.0042)
Primary - Involuntary Tort	0.0368	0.0368	0.0202	\$ (0.0166)
<b>Total</b>	<b>\$ 0.4453</b>	<b>\$ 0.4453</b>	<b>\$ 0.4245</b>	<b>\$ (0.0208)</b>



# FY27 Budget Overview

## Total General Fund Revenues: \$758.8 M

City Manager's FY27 Recommended Budget - 4 21 2026	FY26 Adopted Budget	FY26 Projection (Updated)	FY27 CM Rec Budget
<b>Revenues</b>			
Property Taxes	19,242,250	19,242,250	19,788,079
Business Privilege Tax	326,342,070	307,553,253	309,953,253
Other Taxes	68,490,302	59,495,420	65,665,673
State Shared Sales Tax	84,354,090	83,650,228	83,280,608
State Shared Income Tax	108,890,140	107,986,464	116,606,367
State Shared Auto Lieu	29,981,690	29,821,756	31,082,358
License and Permits	36,678,690	31,430,948	31,430,948
Fines, Forfeitures & Penalties	5,032,500	4,634,209	4,634,209
Charges for Services	60,690,000	59,596,418	60,721,418
Use of Money & Property	12,270,160	11,046,869	11,046,869
All Other Revenues Combined	17,664,260	14,627,821	12,027,821
FY27 New Revenue Opportunities			4,000,000
FY26 Approved Other Revenues	6,600,000	4,075,000	8,520,000
<b>Total Revenues</b>	<b>\$ 776,236,152</b>	<b>\$ 733,160,636</b>	<b>\$ 758,757,603</b>

# FY27 Budget Overview

## General Fund Expenditures & Projections

- Recommended Budget General Fund Expenses: \$758.4 million
- Planned Use of General Fund Balance: \$39.2 million\*
- Projected FY27 Year-End Operations Surplus / (Deficit): \$350,000
- Projected FY27 Year-End Available Cash Balance: \$19.2 million

# FY27 Budget Overview

## Recommended New Policy

City Manager recommends to fund the following FY27 priority projects and programs by using FY26 rollover savings from the Mayor and Council offices, in lieu of programming new spending:

- Fund DVFTAP in partnership with Pima County
- Fund Year 2 of Star Village operations
- Fund Non-Profit discounts at the Tucson Convention Center
- Fund Affordable Housing Development Fee Incentives

# FY27 Budget Highlights

- Year 2 of the Employee Investment Plan Funded
- Safe City Initiative Supported – Additional Police Officers Funded
- City Pensions (TSRS and PSPRS) Funded
- Robust Employee Benefits Funded
- Transit System Funded, with Reduced General Fund Transfer Required
- Substantial Completion of the Investment Plan On Track
- No Loss of Critical Programs or Drastic Service Cuts
- Enterprise and Special Revenue Funds On Track

# Current Activities

- Hiring “Frost” for filling vacant positions
- Revenue Tracking
- Expenditure Tracking
- Initial Steps for Compensation Plan Implementation
- Preparation for May 5, based on M&C Input

# Next Steps

## May 5

- Discussion of Recommended Budget (Study Session)
- **Public Hearing on FY27 Recommended Budget**

## May 19

- Discussion of Tentative Budget Adoption (Study Session)
- **FY27 Tentative Budget Adoption**

## June 9

- Discussion of Final Budget Adoption (Study Session)
- **Public Hearing on Truth In Taxation and Budget as Tentatively Adopted**
- **Adoption of Final Budget (Special Regular Meeting)**

## June 23

- **FY27 Tax Levy Adoption**