

# Proposed Use Tax Increase

June 18, 2019 & July 2, 2019





# Proposed Use Tax Increase

## Ordinance No. 2019-13

- City adopted a 1% use tax in Flagstaff FY 2015
- City Code, Division 3-05-06 Use Tax
- City is proposing to increase Use Tax from 1% to 2.281%
  - Same rate as base Flagstaff Sales Tax
- Use tax is a tax on use or storage of tangible personal property in Flagstaff, purchased elsewhere, if no comparable sales tax had been paid



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## Revenue Impact

- Revenue generated to date through Use Tax:  
More than \$2.3 million
- Anticipated annual revenue from Use Tax:  
\$1.6 Million (proposed)  
\$700,000 (current)
- Revenue to help pay for expenses of the City, including unfunded liability for police and fire fighter pensions



# Proposed Use Tax Increase

## Public Hearing/Outreach

- Public Hearing scheduled for July 2, 2019, notice posted and published per law
- Outreach in June 2019 to business community
- If rate increase is passed, outreach via:
  - ADOR
  - Facebook and other social media
  - Email



# Proposed Use Tax Increase

## Council Options

- Adopt Ordinance No. 2019-13 to fund City needs
- Adjust budget and consider other funding sources



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## Next Steps

- July 2, 2019 Council Meeting
  - Public Hearing
  - Adopt Ordinance No. 2019-13
  
- August 1, 2019
  - Use Tax increase effective