



## AGENDA ITEM REVIEW FORM

### Work Session

2. B.

**Meeting Date:** 01/06/2016

**Department Head:** Kay Macuil, City Attorney, Attorney's Office

**Submitted By:** Kay Macuil, City Attorney, Attorney's Office

**Action Requested:** Discussion Item - No Action  
to be Taken

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### ITEM:

Discussion only item of the possibility of a tiered sales tax rates for the City of San Luis.  
**(Kay Marion Macuil, City Attorney)**

### SUMMARY:

The Mayor requested this item be put on the work session agenda in order to inform and discuss with Council of the possibility of tiered sales tax rates. Tiered sales tax rates would have a lower tax rate on high-priced items. The idea would be to encourage the purchase of high-priced items in San Luis as well as encourage businesses with high-priced items to sell to set-up their shops in San Luis.

Tiered sales tax rates work where the lower rate is applied to one high-priced item being purchased rather than a number of small purchases adding up to a high price. This is so because it would be difficult for businesses to set up their cash registers for different tax rates and also for the City to monitor and collect the different rates.

The legal process to adopt new tiered rates under A.R.S.§42-6054:

- 60-days of notice on the City's website of a possible change in the sales tax rate,
- 15-days of notice in the newspaper (this can run at the same time as the 60-day notice is running on the website),
- Council then holds a public hearing,
- Council may then vote to pass an ordinance after the public hearing, and
- such an ordinance would become effective 30 days after passing the ordinance.

A more detailed explanation is provided in the attached memorandum which Assistant City Attorney Glenn Gimbut wrote to assist Council to make an informed decision about tiered tax rates.

### RECOMMENDATION / SUGGESTED MOTION:

Discussion only item, no action.

## **2. AGENDA ITEM(S):**

### **2.A. Open Meeting Law Refresher for City Council. (Kay Marion Macuil, City Attorney)**

Ms. Kay Marion Macuil, City Attorney, gave a brief presentation to Mayor and Council regarding the Open Meeting Law.

There was some discussion amongst the members of City Council and Ms. Macuil.

### **2.B. Discussion only item of the possibility of a tiered sales tax rates for the City of San Luis. (Kay Marion Macuil, City Attorney)**

Ms. Kay Marion Macuil, City Attorney, informed that this item was requested by Mayor Gerardo Sanchez to discuss with Council the possibility of a tiered sales tax rate. She mentioned that sales tax rates would have a lower tax rate on high priced items. Ms. Macuil made reference to a memorandum dated September 5, 2015 written by Mr. Glenn Gimbut, City Attorney back then, this memorandum was addressed to Mayor and Council. A copy of this memorandum is on the complete Agenda Packet filed with the City Clerk.

Mayor Gerardo Sanchez stated that he would like to see this tiered sales tax on the sale of big items, such as vehicles, machinery, etc. He mentioned that in the past year there was only a 3% increase in sales, adding that as the City continues to grow sales remain the same.

Vice-Mayor Matias Rosales stated that it is something to look at and consider.

Mayor Gerardo Sanchez stated that a minimum of \$2,500.00 with the sales tax of 1.5% should be set for the proposal.

### **2.C. Discussion item only on any and all matters regarding Ordinance 347. An ordinance of the Mayor and City Council of the City of San Luis, Arizona, amending the San Luis City Code, Chapter 152 Zoning Regulations, §152.061, relating to minimum lot size for residential lots; repealing any conflicting provisions; and providing for severability. (Mayor Gerardo Sanchez)**

Mr. John Starkey, Zoning Administrator, stated that Ms. Kay Macuil, City Attorney, with the help of Mr. Glenn Gimbut, Assistant City Attorney, put together a new ordinance. This new ordinance removes district R1-5, it also does not allow R-2 and R-3 multi-family districts to be subdivided and built single family homes. He mentioned that the minimum size of the lot would be the size of Bien Estar 1, 2, and 3 in the residential home subdivision.

Council Member Mario Buchanan Jr. requested minimum landscaping around the house to be added to the ordinance.

Ms. Kay Macuil, City Attorney, mentioned that smaller lots will still be allowed in the Commercial District.