

PROP 436

NOVEMBER 3, 2020 ELECTION



**Continuation of 1% General Transaction
Privilege Tax (Sales Tax)**



Continuation of 1% General Transaction Privilege Tax (Sales Tax)

What is Proposition 436?

- A ballot measure asking the Voters if they support extending the expiration date of the 1% General Transaction Privilege Tax
- Currently the Tax is set to expire in November 2024
- Approval will extend through June 2035

Please refer to the Information Pamphlet for the City of Flagstaff General/Special Election for November 3, 2020
A link to the pamphlet is provided later in this presentation.



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What is a Transaction Privilege Tax?

- A Transaction Privilege Tax is often called a Sales Tax
- A tax collected/paid by businesses for the privilege of doing business in the City of Flagstaff
- A business may choose to pay or pass through the tax to their customers
- The tax is only on certain types of business
- There is NO tax on grocery store bought food



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Where to the taxes go?

- The taxes go to the City of Flagstaff General Fund
- The General Fund pays for many governmental services of the City including but limited to:
 - police, fire, recreation, parks, administration, community development, open space, housing, and some climate action programs.



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How much revenue does the tax provide?

- For the period 7/1/2019 to 6/30/2020, the tax provided approximately \$21 million
- This Tax revenue provides approximately 33% of General Fund revenues



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Are there other Transaction Privilege Taxes?

- Flagstaff voters have approved a variety of taxes
- Taxes are dedicated for a specific purpose such as transportation projects and transit related services
- Voters approve and additional 2% tax on hotels, motels, short term rentals, restaurants and bars. This is known as the Bed, Board and Beverage Tax, BBB
- All Transaction Privilege Taxes MUST be approved by Voters
- Additional County and State taxes may apply



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What if the extension is not approved?

- The current tax will continue until November 2024
- The significant loss in revenue, \$21 million will require:
 - Significant cuts to General Fund programs listed earlier, (and/or)
 - Decreases in service levels, (and/or)
 - Increase in other charges for services, fees or taxes
- The City may also choose to ask the voters to consider the tax extension during the November 2022 election



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Where can I find more information?

- Publicity Pamphlet, bottom of the page:
<https://www.flagstaff.az.gov/2105/Elections>
- Statewide list of Tax Rates: <https://azdor.gov/transaction-privilege-tax/tax-rate-table>
- Arizona Department of Revenue/Transaction Privilege Tax:
<https://azdor.gov/transaction-privilege-tax-tpt>
- City of Flagstaff sales tax website:
<https://www.flagstaff.az.gov/9/Sales-Tax-Business-Licenses>



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Questions?