



---

# MEMORANDUM

---

Date: January 21, 2014

To: The Honorable Chair and Members  
Pima County Board of Supervisors

From: C.H. Huckelberry  
County Administrator 

Re: **Film Tax Incentive**

Pima County was recently asked to provide a film tax incentive similar to the City of Tucson, which I believe would rebate 75 percent of the tax paid to the City of Tucson. Since this would almost all be sales tax and Pima County has no sales tax, I felt it was inappropriate to agree to participate at the level discussed by the City of Tucson.

I did indicate that if the City were to provide compensation to Visit Tucson similar to the County, which is 50 percent of all available bed tax, I would reconsider. The County now contributes 50 percent of our bed tax receipts to Visit Tucson, which is \$3.2 million. The City of Tucson's contribution is estimated at \$2.9 million this fiscal year.

If the City were to contribute 50 percent of their bed tax collections, it would be contributing \$6.2 million to Visit Tucson. Given the stark contrast in revenue contributions to Visit Tucson, I declined County participation in the film incentive the City recently adopted.

CHH/anc

Attachment

c: Hank Atha, Deputy County Administrator for Community and Economic Development  
Tom Moulton, Director, Economic Development and Tourism

**CITY OF TUCSON/PIMA COUNTY BED TAX PARITY ESTIMATE**

| <b>CITY OF TUCSON</b> | <b>Tucson Base<br/>(6%) Bed-Tax<br/>Collections</b> | <b>Increase %</b> | <b>**Tucson Bed-<br/>Tax Surcharge</b> | <b>Increase %</b> | <b>Total Tucson<br/>Bed-Tax<br/>Collections</b> | <b>Increase %</b> | <b>Tucson Bed-Tax<br/>Investment<br/>in CVB</b> | <b>% of<br/>Base</b> | <b>% of<br/>Total</b> | <b>% of Total</b> | <b>Match Pima County<br/>New \$ Amount</b> |
|-----------------------|---|-------------------|--|-------------------|---|-------------------|---|----------------------|-----------------------|-------------------|--|
| 2013-14               | \$9,018,273   | 2%                | \$3,463,576                            | -2%               | \$12,481,849                                    | 0%                | \$2,976,178 (13-14)                             | 33%                  | 24%                   | 50%               | \$6,240,924.50                             |
| 2012-13               | \$8,881,639   | 0%                | \$3,540,089                            | 1%                | \$12,421,728                                    | 1%                | \$2,472,540 (12-13)                             | 28%                  | 20%                   | 50%               | \$6,210,864.00                             |
| 2011-12               | \$8,866,733   | 4%                | \$3,490,597                            | 11%               | \$12,357,330                                    | 6%                | \$2,482,000 (11-12)                             | 28%                  | 20%                   |                   | \$6,178,665.00                             |

\* Tucson's base bed tax was increased from 4% to 6%, July 1, 2003--additional 2% must be dedicated to tourism promotion (ARS 9-500.06)

\*\* Surcharge increased from \$1 per room per night to \$2 per room per night, July 1, 2009

| <b>PIMA COUNTY</b> | <b>*Total Pima County<br/>(6%) Bed-Tax<br/>Collections</b> | <b>Increase %</b> | <b>Pima County Bed-Tax<br/>Investment<br/>in CVB</b> | <b>% of<br/>Total</b> | <b>Total Pima County</b> |
|--------------------|--|-------------------|--|-----------------------|--------------------------|
| 2013-14            | \$6,270,000  | 0.002%            | \$3,135,000.00                                       | 50%                   | \$3,135,000.00           |
| 2012-13            | \$6,285,859  | 0.004%            | \$3,142,929.50                                       | 50%                   | \$3,142,929.50           |
| 2011-12            | \$6,311,778  |                   | \$3,155,889.00                                       | 50%                   | \$3,155,889.00           |

\* Forecast for FY 13-14