



---

# MEMORANDUM

---

Date: December 8, 2017

To: Chair and Members  
Sales Tax Advisory Committee

From: C.H. Huckelberry  
County Administrator

A handwritten signature in black ink, appearing to be "CHH", is written over the printed name "C.H. Huckelberry".

Re: **December 14, 2017 Agenda Item Concerning the Impact of a Possible Sales Tax on Low-Income Households**

At the last Sales Tax Advisory Committee meeting there was a specific request to place this item on the agenda. Attached is a memorandum to facilitate the discussion. Yes sales taxes are regressive and will impact a larger share of income for lower income residents than higher income residents. But the memorandum shows that there are a number other factors that should be considered, including actions the County can take to mitigate or reduce the burden. These include:

1. Support for additional free tax return preparation assistance so that more low-income individuals and households can benefit from Arizona's income tax credit for increased sales taxes, which may completely offset the costs associated with proposed half-cent sales tax increase.
2. Allocating at least a portion of the sales tax revenues to pavement preservation and road repair, reducing to some extent vehicle maintenance costs for the majority of low-income households that do own cars, and consider whether income levels should be a factor in prioritizing which roads to repair first.
3. Allocate at least a portion of the sales tax to property tax reduction, which should benefit all households as visitors and outside businesses would then contribute to the cost county services that otherwise will continue to largely be funded by Pima County property taxpayers.

CHH/dr

Attachment

c: Jan Leshar, Chief Deputy County Administrator  
Carmine DeBonis, Deputy County Administrator for Public Works  
Tom Burke, Deputy County Administrator for Administration  
Ana Olivares, Director, Transportation Department  
Fyffe, Executive Assistant to the County Administrator  
Michael Racy, Racy Associates, Inc.