

# Public Hearing

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THE PIMA COUNTY SALES TAX ADVISORY COMMITTEE

# We want to hear from you

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1. Should the Pima County Board of Supervisors adopt a half-cent general sales tax?

If yes:

2. Should the sales tax revenue be spent on road repair, property tax reduction or some combination of both?
3. Should the sales tax be temporary or permanent?

Unless noted, all figures in this report were provided by Pima County

# Who are we?

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The Pima County Sales Tax Advisory Committee – 17 members from:

- The business community
- Organizations representing low-income and elderly families
- Pima County's Transportation Advisory Committee
- Representatives for each member of the Board of Supervisors

Committee recommendation due to Board of Supervisors March 2018

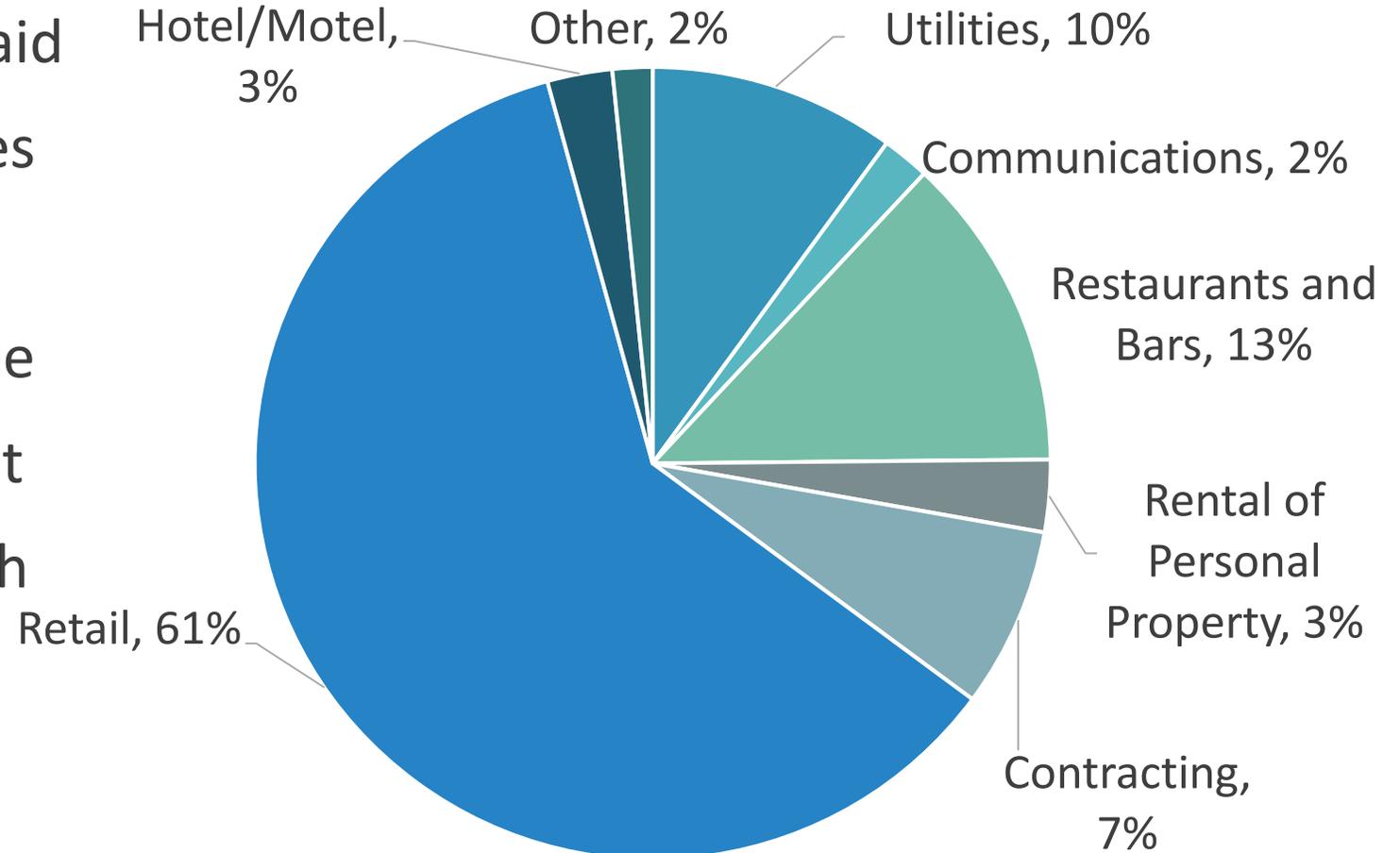
# Arizona state law allows counties to adopt a general sales tax

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- Maximum rate is one half-cent (1 penny on a \$2 retail purchase)
- Cannot be collected on unprepared food, prescription medicine, long term residential rent and commercial leases.
- Would be collected countywide, including within cities and towns
- Revenues can be used to pay for a variety of county services
- Requires a unanimous vote of the Pima County Board of Supervisors and cannot be approved by public vote.
- All other Arizona counties except for Pima County have some type of sales tax

# Revenues from a sales tax would be generated from a variety of transactions\*

- Up to 17 percent to be paid by tourists and businesses outside the County
- Cost to an average income household is estimated at \$91 a year/\$7.60 a month

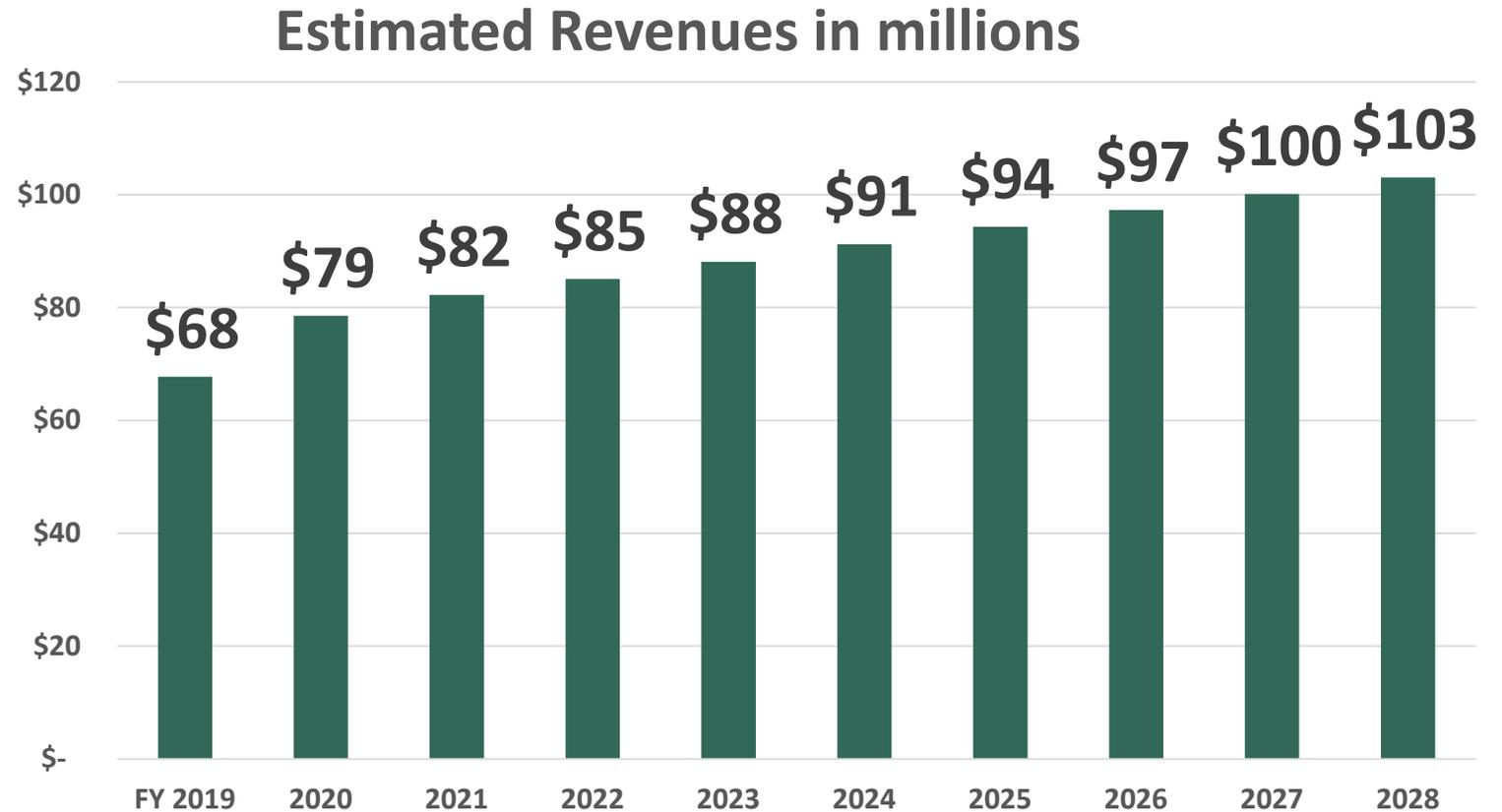


\*Adjusted RTA 2018 revenue forecast

# A county general sales tax of one-half cent could generate significant revenue

- \$880 million over 10 years
- To be spent locally in Pima County

\*Adjusted RTA 2018 revenue forecast



# How would the sales tax revenue be spent?

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The Pima County Board Supervisors have identified two problems that could be addressed by adopting a county sales tax:

- Poor road conditions
- Property taxes that are higher than other Arizona counties

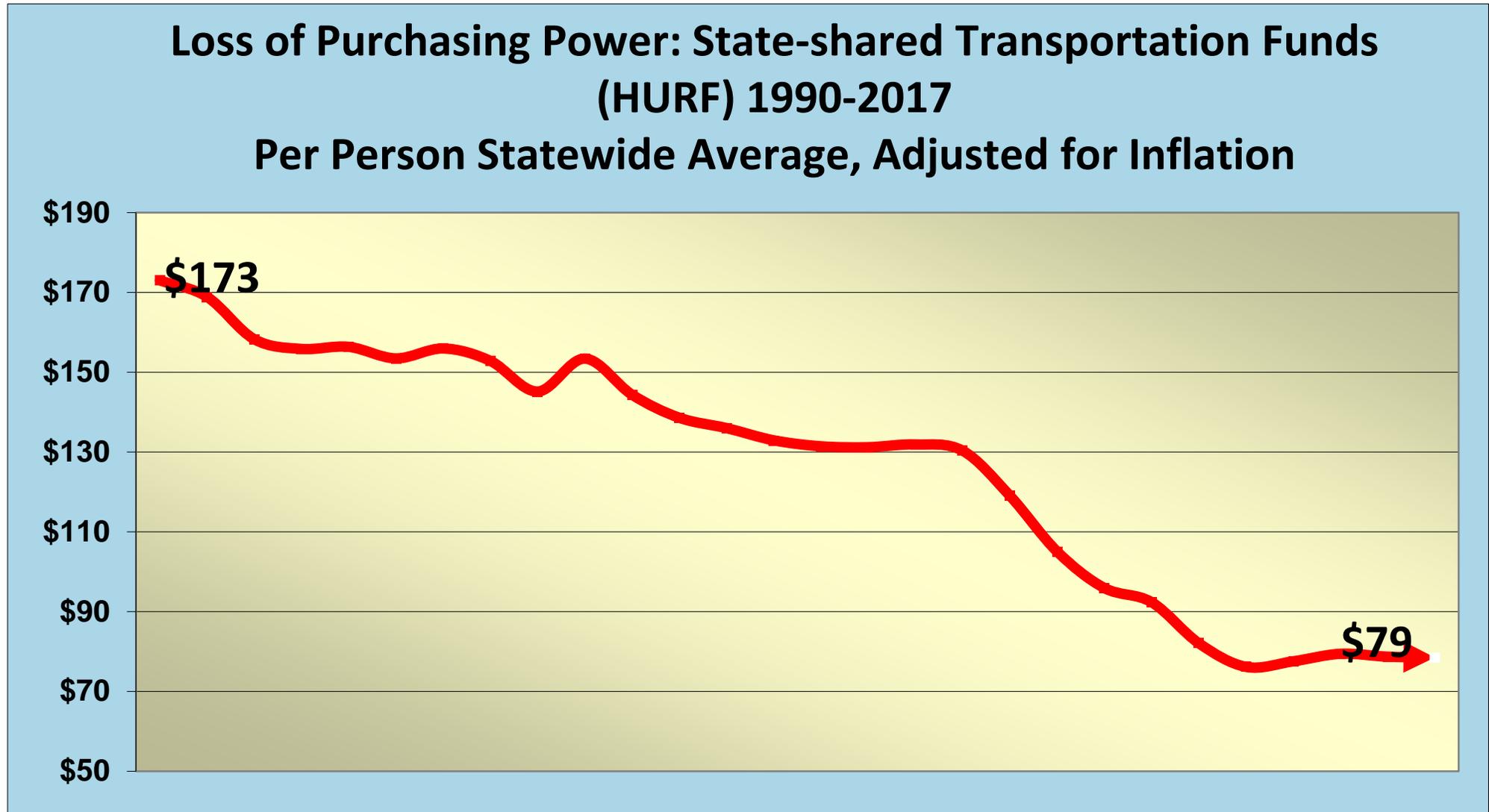
# Poor road conditions

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- Over 70 percent of Pima County and City of Tucson maintained road miles are poor or failing.
- Cost to bring all these roads up to at least a fair condition is over \$1 billion, today.
- **Without new sources of revenue, it will take over 35 years to fix the roads.**
- Estimated cost to each driver because of poor road conditions: \$542 a year\*

\*TRIPnet.org 2016

# State gas tax is 18 cents and was last increased in 1990 – 28 years ago!



# Property taxes

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- Pima County's primary property tax is higher than other Arizona counties
- Last year Pima County raised primary property taxes even higher by adopting a special property tax just for local road repair.

# Property tax reduction under 2 proposals

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1. All sales tax revenue used for road repair for 10 years, eliminating new road repair property tax\*

\$41 a year for average valued home of \$165,000

\$225 a year for commercial property valued \$500,000

2. Most sales tax revenue used for road repair for 10 years, eliminating new road repair property tax and reducing property tax even more\*\*

\$90 a year for average valued home of \$165,000

\$490 a year for commercial property valued \$500,000.

\*Based on Supervisor Christy's proposal

\*\*Based on Supervisor Valadez's proposal and calculated as the average property tax savings over 11 years.

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For more information or to submit comments electronically, visit [www.pima.gov/salestax](http://www.pima.gov/salestax)

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