

# Flagstaff: Our Community Our Future

*Renewals: Sales Tax/ Lodging, Restaurant, Lounge (BBB) Tax*

Important City ballot questions are coming to the Flagstaff community in May 2010: Continuation of the current City of Flagstaff Sales Tax and Continuation of the current Lodging, Restaurant, and Lounge (BBB) Tax. These are **NOT** tax increase questions. They are a continuation of existing taxes and tax rates. **Remember: You are the Voter – You Decide!**

Sales Tax Rates	Fiscal Year 2010
State	5.60%
County	1.13%
City	1.00%
Transportation	0.72%
<b>Retail: 8.446%</b>	
Lodging, Restaurant, Lounge (BBB) Tax	2.00%
<b>Restaurants and Bars: 10.446%</b>	
<b>Hotels: 10.458%</b>	

## Proposition 400 - Sales Tax Renewal

Flagstaff City sales tax is applied to the sale of general items with the exclusion of residential rent and food. Flagstaff is the only city in Arizona that votes for sales tax renewal. In the last two elections, the voters have approved extension of this tax by more than 75 percent. Approximately 59 percent of the tax is paid by visitors.

- City Sales Tax helps pay for services in the City such as Fire, Police, Court, Parks, Recreation, and Library
- The 1 percent Sales Tax accounts for 27 percent of General Fund Revenue (Fiscal Year 10 - \$13.4 million)
- Flagstaff's 1 percent base rate is the lowest in the state (Williams: 3%; Kingman: 2%; Camp Verde: 2%; Page: 3%)



May 2010

## Proposition 401 - Lodging, Restaurant, Lounge (BBB) Tax Renewal

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Revenues for the BBB tax are dedicated to five City programs: Parks and Recreation, Arts and Science, Tourism, Economic Development and Beautification. The 2 percent tax is collected on services provided by lodging, restaurants and bars. Approximately 73 percent of the BBB tax is paid by visitors to Flagstaff.

- BBB Tax helps pay for services in the City such as Parks and Recreation, Arts and Sciences, Tourism, Economic Development and Beautification
- BBB Tax generated \$5.05 million in FY 09
- Renewal maintains the existing allocation: Parks and Recreation – 33 percent; Tourism – 30 percent; Beautification – 20 percent; Economic Development – 9.5 percent and Arts and Science – 7.5 percent

### If Not Renewed?

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If the 1 percent City Sales Tax is NOT renewed, unfunded services would not continue at their present levels without additional revenue sources. Three out of every 10 positions paid for out of the General Fund may be eliminated.

If the BBB is NOT renewed, there are no other alternate revenue sources currently available to replace this resource. Services and program provided would have to be reduced, discontinued or allocated from the General Fund thus impacting other existing City services and programs. Maintenance of City parks; support for business attraction and retention; support for arts and sciences; tourism efforts and beautification projects would be reduced, discontinued or allocated from the General Fund, impacting other City services and programs.

## Proposition 402 - Arizona Public Service Franchise Agreement Renewal

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This is a 25 year extension of an existing agreement with APS. The 2% franchise fee allows APS to use the City right of way to deliver electric service. City collects Sales Tax and a 2% Franchise Fee. The revenue collected is used in the City's General Fund for Funds Police, Fire, Library, Courts, Parks and Recreation. The Agreement is identical to all other APS franchise agreements with other communities.

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