

**TOWN OF PRESCOTT VALLEY
REQUEST FOR COUNCIL ACTION
Date: December 17, 2015**

SUBJECT: Updating Town Tax Code

SUBMITTING DEPARTMENT: Management Services

PREPARED BY: Katie Pehl, Finance Manager
Ivan Legler, Town Attorney

AGENDA LOCATION: Comments/Communications , Consent , Work/Study ,
New Business , Public Hearing , Second Reading

ATTACHMENTS: a) Resolution No. 1944 (declaring Tax Code 2015 Edition Public Record); b) Ordinance No. 813 (adopting Tax Code 2015 Edition), and c) Tax Code 2015 Edition-Available to the public upon request.

SUMMARY/BACKGROUND: Beginning in 1987, Town staff worked with staff from the Arizona League of Cities and Towns to identify and adopt changes to the Model City Tax Code that applied to the Town (and to update and maintain the official Prescott Valley Tax Code). The League maintained the electronic version of the Prescott Valley Tax Code and sent the Town an updated paper version after amendments were adopted by the Town Council. The 2011 Edition was the most recent paper version the Town received from the League. This was about the same time that legislation was adopted requiring the Arizona Department of Revenue to begin maintaining the official copy of the Model City Tax Code instead of the League.

The ADOR website now shows the official copy of the Model City Tax Code and which version applies to each municipality in Arizona. It does this by listing all Sections and Regulations (including Appendices), then providing Option Charts and City Profiles that show which of those apply to each municipality. As the Model City Tax Commission approves changes to the Model City Tax Code, ADOR updates this official copy. However, ARS §42-6053(D) still expressly requires all municipalities to formally adopt changes to the Model City Tax Code approved by the Commission. Thus, the version in the Town Code has slowly become inconsistent with the Code shown for the Town on the ADOR website. And, review of both versions showed that each had some internal inconsistencies that needed to be resolved.

In cooperation with League staff, Town staff spent considerable time going through all of the electronic documents on the ADOR website to distill them into a single document that identified what ADOR said was the Prescott Valley Tax Code through the 2014 MCTC amendments. Staff then took the 2011 Edition, created an MS Word document, and folded in the 2012, 2013 and 2014 MCTC amendments which are related to the Town. Finally, staff compared the two documents and identified any substantive discrepancies, then did research to try to discern which document was correct (and what changes would either be needed to be made to the Town version or suggested to ADOR for its version). League staff then took the resulting document to ADOR and Model City Tax Commission staff and made a determination as to what the final document should be. League staff then prepared a new 2015 Edition of the Town Tax Code. [Note: this updated version of the Town Tax Code includes the transaction and use tax increase from 2.33% to 2.83% which became effective on January 1, 2015 after adoption by Ordinance No. 811 on October 22, 2015.]

It is now proposed that the Town Council repeal and re-enact the Town Tax Code found in Chapter 8A of the Town Code by first adopting Resolution No. 1944, which declares the “Tax Code of the Town of Prescott Valley (2015 Edition)” to be a public record which may be adopted by reference by Ordinance No. 813 (so that the significant cost of publishing all of the Code changes may be avoided. Copies will be available for public review in the Office of the Town Clerk).

OPTIONS ANALYSIS: The Council may repeal and re-enact the Tax Code by adoption of the Tax Code 2015 Edition, **OR** Decline to repeal and re-enact the Tax Code at this time.

ACTION OPTION: A) Motion to authorize the Mayor (or, in his absence, the Vice Mayor) to sign Resolution No. 1944 declaring the “Tax Code of the Town of Prescott Valley (2015 Edition)” to be a public record under ARS §9-802, **OR** Motion not to approve Resolution No. 1944. **VOTE.**

B) Motion to read Ordinance No. 813 by title only on two separate occasions, and then place the same on final passage, **OR** Motion not to read Ordinance No. 813. **VOTE.**

[if the motion passes to read the Ordinance, the Mayor asks the Town Clerk to read Ordinance No. 813 by title only for the first reading]

RECOMMENDATION: Town staff recommends adoption of the “Tax Code of the Town of Prescott Valley (2015 Edition)”.

FISCAL ANALYSIS: It is essential that the Town Tax Code be updated for purposes of revenue collection.

REVIEWED BY:

Management Services Director _____

Town Clerk _____

Town Attorney _____

Town Manager _____

COUNCIL ACTION:

Approved Denied Tabled/Deferred Assigned to _____