

CITY OF MESA
PROPOSED TRANSACTION PRIVILEGE (SALES) TAX INCREASE
Election Question 2: November 6, 2018
Effective Date: March 1, 2019

This report is intended to fulfill the requirements of ARS § 9-499.15.

Election Question

A City Transaction Privilege (Sales) Tax election question is on the November 6, 2018 General Election ballot for City of Mesa residents. The ballot includes a question (Question 2) to increase the City Transaction Privilege (Sales) Tax beginning March 1, 2019 by 0.25%, from 1.75% to 2.00%, to pay solely for Mesa Police and Fire & Medical (“Public Safety”) services should the election question pass.

Estimated Funding

If the election question is approved, the City will direct the estimated \$25 million of additional annual sales tax to Public Safety needs. Public Safety funding is reviewed and approved by the City Council as part of the City’s annual budget process.

Public Safety Needs

The funding raised would pay for Public Safety services, personnel, equipment, training, and related costs.

Current Level of Resources

If the election question is not approved, the City would continue to fund and maintain Public Safety levels, to the extent possible, with current resources. It is anticipated that the current levels of public safety services could not be maintained to keep up with growth.

Transaction Privilege (Sales) Tax

The City Council determined that additional resources are necessary to fund Public Safety and that the City’s local transaction privilege (sales) tax, one of the City’s main revenue sources, is a stable funding source to strategically staff and equip Public Safety services. The City does not have a primary property tax or a sales tax on food. The City’s secondary property tax is limited to paying for debt service on capital projects.

Tax Rates in Other Valley Cities

The City transaction privilege (sales) tax rate with the voter-approved increase to 2.00% would put the City just below the average rate of 2.10% for the 11 largest cities and towns in the Valley.