



**TOWN OF PINETOP-LAKESIDE
NOTICE OF PUBLIC HEARING**

In accordance with A.R.S. 9-499.15, public notice is hereby given that the Town of Pinetop-Lakeside is considering the Transaction Privilege Tax (TPT) rate change:

Increasing the TPT rate by .5% to 3.0% which will be dedicated towards roads/streets maintenance, improvements and pavement preservation. The increase would be permanent.

Rate changes dedicated towards roads/streets maintenance, improvements and pavement preservation would become effective no earlier than November 1, 2017 and no later than December 31, 2017.

The Town Council invites you to a public hearing where this item will be discussed and to give you an opportunity to provide input on this proposal. The public hearing is scheduled for Thursday, September 21, 2017, 6:00 p.m. at the Town Council Chambers, 1360 N. Niels Hansen Lane, Lakeside, AZ 85929.

You are also welcome to provide written and/or oral comments and ask questions regarding the proposal, by calling Kevin Rodolph, Finance Director at (928) 368-8696, Ext. 226. The information regarding the proposed Transaction License Privilege Tax rate change may be viewed at the Town's Website www.pinetoplakeside.com and from the Office of the Town Clerk, Town of Pinetop-Lakeside at 958 S. Woodland Road, Lakeside, AZ 85929, Monday thru Friday from 8:00 a.m. to 5:00 p.m.

Remilie S. Miller, MMC
Town Clerk

July 21, 2017

Town of Pinetop-Lakeside
Proposed Transaction Privilege Tax Permanent Rate Increase
Public Hearing Date: September 21, 2017

This report is intended to fulfill the requirements of A.R.S. §9-499.15

The Pinetop-Lakeside Town Council will consider permanently increasing the Town Transaction Privilege Tax (TPT) from 2.50% to 3.00%. The permanent 0.50% TPT rate increase will be dedicated towards streets and roads maintenance, improvements and pavement preservation.

ESTIMATED FUNDING

We estimate that a 0.50% TPT rate increase will generate an additional \$600,000 annually in taxes that the Town will dedicate to the Public Works-Street Department to maintain, improve and preserve our streets and roads.

CURRENT LEVEL OF RESOURCES

Currently The Town imposes a TPT tax rate of 2.50% which is used to fund Town operations in the General Fund. In the past, the Town dedicated Vehicle License Taxes (VLT) to the Public Works-Street Department to help maintain, improve and preserve our streets and roads. With general fund revenues decreasing, the Town placed VLT revenues back in the General Fund to cover operating costs. That leaves gasoline tax received from the State- Highway User Revenue Funds (HURF) as the only funding source the Town has available to maintain, improve and preserve our streets and roads. In the 2017-2018 budget, the Town expects to receive approximately \$627,000 from the State in HURF revenue. Since 2005, the State has swept HURF funds meant for local communities to balance their budget. The Town estimates that we have lost approximately \$580,000 in HURF funds meant for us since that time.

DEDICATING AN INCREASED TPT RATE TOWARDS MAINTAINING, IMPROVING AND PRESERVING OUR STREETS AND ROADS

Many of our streets and roads are in poor, deteriorating condition, and beginning to fail. These are the biggest complaints we continually receive from our citizenry. We have not been able to adequately maintain our streets and roads with current HURF funding levels. If the Town does not dedicate an increased TPT towards pavement preservation, the Town will be unable to have a recurring pavement preservation program in place to help address the existing and future Town street needs. We believe that a 0.50% TPT rate increase will enable us to adequately address and preserve our deteriorating streets and roads.

TRANSACTION PRIVILEGE TAX

The Town does not receive any property tax revenue. We have a lot of citizens that maintain second homes here, whose streets and roads are our responsibility, and we receive no funding for. There are not sufficient resources using established funding mechanisms at current levels to pay for public safety, general services, capital projects and streets and roads maintenance and preservation. The Town has no current plans to initiate a property tax. We believe that an increased TPT rate, dedicated to our Public Works-Street Department, is the most fair and equitable mechanism to raise adequate funds to maintain and preserve our streets and roads.