

SUBMITTED BY: Alejandro Martinez, Finance Director/City Treasurer

MANAGEMENT TEAM REVIEW: Ana Urquijo, City Manager

FOCUS AREA: Economic Development and Tourism

ORGANIZATIONAL IMPROVEMENTS: N/A

SUBJECT: **FIRST READING OF ORDINANCE NO. 25-1207**, an Ordinance of the Mayor and Council of the City of Douglas, Cochise County, Arizona, **AMENDING** the **CITY TAX CODE** to **DECREASE** the **TAX RATE** on Amusements from Three and Eight-Tenths Percent (3.8%) to **ZERO PERCENT (0%)** and including a **THREE-YEAR SUNSET PROVISION**; establishing severability of components of ordinance; and establishing an effective date thereof.

EXECUTIVE SUMMARY:

This ordinance allows for the decrease of Amusement tax from 3.8% to 0% as it relates to the City of Douglas.

BACKGROUND

On January 8, 2025, the City of Douglas Mayor and Council directed staff to decrease the Amusement Tax from 3.8% to 0.0%, effective with a sunset clause of three years. This ordinance, in its first reading, achieves this objective with an effective date of July 1, 2025.

The first reading of the ordinance is scheduled for the Mayor and Council's regular meeting on April 9, 2025, followed by the second reading on April 23, 2025. These dates have been carefully selected to allow for thorough deliberation, public input, statutory compliance, and adherence to best practices advised by the Arizona League of Cities and Towns.

As a reminder, the proposed decrease in the Amusement category will impact taxpayers purchasing services related to activities such as theaters, movies, operas, shows, exhibitions, concerts, carnivals, circuses, amusement parks, fairs, races, contests, games, billiard or pool parlors, bowling alleys, skating rinks, tennis courts, golf courses, video games, pinball machines, public dances, dance halls, sports events, jukeboxes, batting and driving ranges, animal rides, and any other businesses charging admission for exhibition, amusement, or entertainment. This also includes health spas, fitness centers, dance studios, and other facilities charging for sports, athletic, health-related activities, or instruction, whether for individual events or long-term memberships.

DISCUSSION:

Staff recommends approval of first reading as presented.

FISCAL IMPACT:

TBD.

Fiscal Year: 2025

Amount Requested:

Budgeted: Y / N

Account (s):

“...I MOVE THAT THE MAYOR AND COUNCIL APPROVE THE PLACEMENT OF ORDINANCE NO. 25-1207 ON ITS FIRST READING BY NUMBER AND TITLE ONLY.”

“...I MOVE THAT THE MAYOR AND COUNCIL APPROVE THE FIRST READING OF ORDINANCE NO. 25-1207 AND PLACE IT ON ITS SECOND READING BY NUMBER AND TITLE ONLY.”