

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: **SECOND 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, Mayor and Council instructed staff to reduce the Amusement Tax rate from 3.8% to 0.0%, effective with a sunset clause of three years. This ordinance, currently undergoing its second reading, is set to take effect on July 1, 2025. On April 9, 2025, the Mayor and Council approved the first reading of this ordinance.

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 second 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 SECOND READING OF ORDINANCE NO. 25-1207 BY NUMBER AND TITLE ONLY.”