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# TOWN OF JEROME, ARIZONA

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## MINUTES

### SPECIAL MEETING OF THE JEROME TOWN COUNCIL JEROME CIVIC CENTER - 600 CLARK STREET - COUNCIL CHAMBERS TUESDAY, SEPTEMBER 29, 2015 AT 7:00 P.M.

<p><b>ITEM #1:</b></p>	<p><b>CALL TO ORDER/ROLL CALL</b></p> <p>Mayor/Chairperson to call meeting to order. Town Clerk to call and record the roll.</p> <p><i>Mayor Currier called the meeting to order at 7:00 p.m.</i></p> <p><i>Town Manager/Clerk Candace Gallagher called roll. Present were Mayor Currier, Vice Mayor Freund, Councilmember Stewart, Councilmember Barber and Councilmember Vander Horst.</i></p> <p><i>Also present was Joni Savage, Deputy Clerk.</i></p>
<p><b>ITEM #2:</b> 7:01</p>	<p><b>SECOND READING AND POSSIBLE ADOPTION: ORDINANCE NO. 417, AN ORDINANCE OF THE TOWN OF JEROME, ARIZONA, RELATING TO THE PRIVILEGE LICENSE TAX; AMENDING THE TOWN TAX CODE BY ADDING A TAX UPON TRANSIENT LODGING AND INCREASING THE RATE OF TAXATION ON RESTAURANTS AND BARS; PROVIDING PENALTIES FOR THE VIOLATION THEREOF; PROVIDING FOR SEVERABILITY; DESIGNATING AN EFFECTIVE DATE AND MAKING PROVISION FOR EXISTING CONTRACTS</b></p> <p>Council may conduct the second reading of, and possibly adopt, Ordinance 417, which would establish a 2% bed tax on transient lodging and increase the tax on restaurants and bars by 1%. Both increases would become effective as of November 1, 2015, and it is Council's intent that they be effective for one year only.</p> <p><i>Mayor Currier noted that Vice Mayor Freund had perceived a problem with a portion of the language in Section 8A-447 of the Tax Code titled "Rental, leasing and licensing for the use of real property: additional tax upon transient lodging." Mr. Freund would prefer that to read "business use of real property," the Mayor said; however, this language is a part of the Model Tax Code that is used by all cities. There is a lengthy process to change that language, and it could take years. Ms. Gallagher agreed, and explained that we are only changing the rates applicable to Jerome, and cannot change the language of the Tax Code itself.</i></p> <p><i>Ms. Gallagher clarified that bed and breakfast establishments will pay the same tax rate as hotels, as they are also transient lodging. Vice Mayor Freund agreed, and noted that the definition of "hotel" in the Model City Tax Code reads, "any public or private hotel, inn, hostelry, tourist home, house, hotel, rooming house, apartment house, trailer or other lodging place within the city..."</i></p> <p><i>Mayor Currier said, "I think we are covered. It would be fun to draft our own [tax] code but in the long run, I think it's probably better to do it this way."</i></p> <p><i>Councilmember Stewart requested clarification regarding whether off premise sales at bars would be taxed at the higher restaurant/bar rate. Ms. Gallagher said that this will depend on how the State interprets things. What they have told her, however, is that packaged goods sold for off-premise consumption will not be subject to the higher tax. Mr. Stewart said that, the way he reads this, the higher rate would apply to packaged goods, as the language refers to food prepared on or off the premises. This was discussed briefly among Council, and Ms. Gallagher noted that packaged goods are not "prepared," but simply sold. It was suggested that the language referred to by Mr. Stewart would apply to catering. Ms. Gallagher said that bottles of wine or other spirits sold and taken off premises for consumption would not be any different than if it was purchased in a grocery store. "As far as my conversation with the state," she reiterated, "that is how they look at bottles of wine leaving the building--the same as bottles being sold by a grocery store."</i></p>

	<p>Mayor Currier said to Councilmember Stewart, "I see your point, but I still believe that the intent is to not charge [the higher rate for] off premise sales." "Then it would be up to our interpretation as to whether we charge that extra tax?" Mr. Stewart asked. Ms. Gallagher said that we will let the state know that this is our intent, but it is ultimately up to them to interpret.</p> <p>Mayor Currier noted that the records will show that it is Council's understanding that packaged goods are not to be taxed at the higher rate.</p> <p>Councilmember Stewart said that he feels that, when a winery sells a case of wine, they should also pay the extra liquor tax, as should any off-sale of liquor. Discussion continued. Ms. Gallagher noted that, during Council's discussions about this (at some of which Mr. Stewart had not been present), they did not intend for it to apply to sales for consumption off-premises, and she does not feel that they should change that at this stage of the game. Mr. Stewart said that he wants to interpret it differently, and believes that should be up to the Council. Mayor Currier said, "No, it is up to AZDOR. Our discussion is moot and will be up to them ... They don't look to us for guidance."</p> <p>Councilmember Stewart said that he feels we should have had a clear answer about this before it was presented to the public. Ms. Gallagher said again that the State's initial response to her was that off premise sales (packaged goods) would not subject to the additional tax.</p> <p>After some further discussion, Mayor Currier said, "Are we clear? Do we know where we are now? We think it does not apply to packaged goods. Are there any other questions or comments? If not, then I'll entertain a motion to approve this ordinance."</p> <p><b>Motion:</b> Vice Mayor Freund made a motion <b>to approve Ordinance 417</b>. It was seconded by Councilmember Barber. The <b>motion passed with 4 ayes, 1 nay and 0 abstentions.</b></p>
<p><b>ITEM #3:</b></p>	<p><b>ADJOURNMENT</b></p> <p>Upon motion by Councilmember Vander Horst seconded by Councilmember Barber and unanimously approved, the meeting was adjourned at 7:20 p.m.</p>

Edited by Town Manager/Clerk Candace Gallagher from minutes taken and transcribed by Deputy Town Clerk Joni Savage.

APPROVE:

ATTEST:

\_\_\_\_\_  
Lew Currier, Mayor

\_\_\_\_\_  
Candace B. Gallagher, CMC, Town Manager/Clerk

Date: \_\_\_\_\_