

CITY OF WILLCOX  
REQUEST FOR COUNCIL ACTION

Agenda Item \_\_\_\_\_  
Tab Number \_\_\_\_\_  
Date: 11/15/2010

<u>Date Submitted:</u>	<u>Action:</u>	<u>Subject:</u>
November 8, 2010	<input type="checkbox"/> Resolution <input type="checkbox"/> Ordinance <input type="checkbox"/> Formal <input checked="" type="checkbox"/> Other	Authorizing Staff to Pursue a Contract Revenue Discovery Systems For Transaction Privilege Tax Collection Services

TO: MAYOR AND COUNCIL  
FROM: Finance Director Ruth Graham

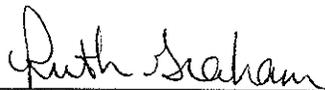
**DISCUSSION:**

Revenue Discovery Systems (RDS) offers Transaction Privilege Tax (TPT, or sales tax) collection and monitoring services to Arizona cities and towns. Mr. Heimbuch came before the City Council on October 4, 2010 to present information about RDS and to introduce the concept of changing the way Willcox collects TPT receipts. Bullhead City became the first Arizona City to work with RDS in February 2009. We have talked to the Finance Director, Rudy Vera, and the Revenue Manager, Loretta Kerns, about their experiences with RDS, and found that Bullhead City endorses the program. The RDS program gives them better reports on a timely basis, and allows them to monitor sales tax collections.

Currently the City participates as a program city under the Model City Tax Code for purposes of the collection of City sales tax. Under an Intergovernmental Agreement (IGA), the Arizona Department of Revenue (ADOR) collects State, County and City sales taxes on a consolidated return. ADOR then remits the City's share of the TPT collections to us. We receive most distributions in the month following the month of collection. For instance, July TPT reports are due August 20<sup>th</sup> and distributions to the City will be made in three or four installments in September. The State has significant budget limitations, and has reduced the staff available to provide services, to process tax collections, and to pursue collection efforts. For the past three fiscal years, State audit, penalty, and interest collections for the City have been less than 1.5% of total tax collections. Fees paid to the State for services have been minimal (less than .2% of total collections).

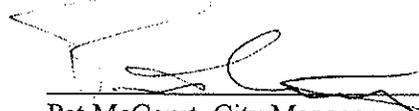
Rob Heimbuch, from RDS, and Tom Belshe, Deputy Director of the Arizona League of Cities and Towns, will be at the work session on Monday, November 15, 2010 at 6:00 p.m. to discuss the procedures and to answer questions about the program. Staff is asking for Council direction on whether or not to pursue entering into a Contract with RDS for collection of City transaction privilege tax receipts.

Submitted by:



Ruth Graham, Finance Director

Approved by:



Pat McCourt, City Manager