

**TOWN OF DEWEY-HUMBOLDT  
TOWN COUNCIL  
SPECIAL STUDY SESSION MINUTES  
TUESDAY, SEPTEMBER 11, 2012, 2:00 P.M.**

**A SPECIAL STUDY SESSION OF THE DEWEY-HUMBOLDT TOWN COUNCIL WAS HELD ON TUESDAY, SEPTEMBER 11, 2012, AT TOWN HALL AT 2735 S. HIGHWAY 69, DEWEY-HUMBOLDT, ARIZONA. MAYOR TERRY NOLAN PRESIDED.**

1. **Call To Order.** The meeting was called to order 2:01PM.

2. **Roll Call.**

**2.1. Town Council.** Town Council Members David Hiles, Mark McBrady, Dennis Repan, Denise Rogers, Nancy Wright; Vice Mayor John Dibble; and Mayor Terry Nolan were present.

3. **Study Agenda.** No legal action to be taken.

**3.1. Department of Revenue Local Transaction Privilege Tax Presentation.**

The Department of Revenue gave a presentation. Ms. McGhee reviewed the Model City Tax Code and Local Transaction Privilege Tax.

**Q1:** Pros and cons of establishing a separate locally managed "D-H business license" program. **A1:** Locally managed business licenses are typically on an annual basis so the information is kept more current than at the state level; Town can withdraw a business license. **Q2:** How does Council or Town know that businesses are paying their taxes? **A2:** Finance has access to a report that DOR compiles and were trained on how to use and manage it. **Q3:** How does the enforcement process of local TPT submission/collection work? Who should D-H call to report a suspect non-conforming business? Potential penalties for TPT delinquency or non-conformity? Would D-H be notified of delinquency? **A3:** Penalty is 25% per month up to 25% for not filing return; penalty for not paying is ½% per month up to 25%. We encourage taxpayers to file and DOR has a payment program. DOR does not have a list of delinquencies but hopes to rectify that in the future. Contact DOR if there is a suspected non-conforming business. When there is a penalty, it is shared amongst those on the return (county, state, etc.). **Q4:** Who in the Town government are authorized to access TPT information such as which business has been reporting and submitting their TPT's, how much they are reporting and submitting? Could elected officials have access to the information? **A4:** The Mayor authorizes Finance to receive this information from DOR. Finance cannot share the information if the information they share can identify the taxpayer (ex. If there is one restaurant in town, the tax information is identifiable then; the information must be compiled of 10 or more business owners). **Q5:** Are periodical small scale sales subject to TPT's such as yard sales, homegrown produce sales? **A5:** yard sales are considered casual sales if selling personal items; if a person purchases items and sells them at a yard sale their intent is to be in business. **Q6:** How to ensure vendors pay sales tax when part of a festival, tent sale, etc.? **A6:** The promoter should be working with the DOR and anyone who is allowed to sell at the venue should be licensed so D-H can get the taxes. Promoter can go to AZtaxes.gov to verify that those license numbers are valid. **Q7:** Are D-H businesses whose customers are located outside D-H town limits subject to local TPT? **A7:** There is an exemption at the state level in the retail business class - if a customer comes into town and the D-H seller ships it out of state it is not

taxable; it is taxable at the local level. The customer must be out of state when the sale is initiated in order to be exempt at the local level. **Q8:** Are transactions handled by cash without invoices or receipts subject to state and local TPT? **A8:** Yes, there are various ways of obtaining those tax dollars; those people may have used cash but they did spend it so it is taxable. **Q9:** Is freight/postage/shipping and service charges taxable at local and state levels? **A9:** Only the actual shipping cost is an allowable deduction, anything over and above that is income. Shipping and handling is often seen combined; there is no exemption for handling so if they are lumped together they both become taxable. **Q10:** What business activities or goods are exempt from local and/or state TPT? What should business owners do if they find they have been paying taxes on items that are considered exempt? **A10:** They can file an amended return up to four years from the date originally filed, attach a reason for amendment and list items believed to be exempt; call DOR to verify the exemption before filing.

A short recess was taken while the Department of Revenue representatives exited the meeting.

**3.2. FY 2012 Financial Statements Presentation.** A presentation by Accountant, Deni Thompson.

Deni Thompson, Accountant, gave an overview of the draft FY12 financial statements provided by the auditors after their recently conducted audit. General Fund expenditures was 74% and HURF at 50.4% of the budget for last FY. In regards to the HURF budget last FY, there was additional surplus in that budget due to personnel vacancies and Kachina Road.

**4. Special Session.** Legal Action can be taken.

**4.1. Centennial Monument Plaque Messages.** Discussion and possible action to determine the message to appear on the plaque.

Town Manager Kimball stated that the August 14<sup>th</sup> Work Session, Council decided to partner with the Dewey-Humboldt Historical Society on a Centennial plaque and asked Council for direction on the message so Staff could proceed with the engraving. There was discussion.

David Nystrom suggested reviewing the final mockup before approving it.

Councilmember Wright made a motion to use the format on page 6, instead of "We Remember the Past", use option #4, "A Community with a Past, a Town with a Future", seconded by Councilmember Rogers. A vote was not taken on this motion.

There was discussion about the connotation of "a past" and whether more time was needed to make a decision.

Councilmember Hiles made a motion to use the page 6 layout, after Dewey-Humboldt, include the phrase "Gateway to Historic Mining Districts"; eliminate incorporated December 2004; final saying "Honoring the Past with a Vision for the Future", seconded by Vice Mayor Dibble. The motion passed unanimously.

David Nystrom reminded Council to remember what is on the reverse side instead of repeating the same information.

#### **4.2. Continued Discussion of Resolution 12-103. [CAARF Requested by CM Repan].**

Discussion and possible action.

Councilmember McBrady recused himself from the discussion.

Councilmember Repan spoke on the timeline of the discussion of purchasing property for Town Hall beginning with the February 21<sup>st</sup> Regular Council Meeting where a discussion was had regarding different possibilities for a Town Hall and/or a park; May 15<sup>th</sup> there was discussion during the budget study sessions about funding to do so; August 14<sup>th</sup> Regular Meeting a motion was made to direct staff to develop a resolution for the current property; September 4<sup>th</sup> Regular Meeting the resolution was not passed. He spoke on his desire to continue this discussion in some form in order to make progress and correct the wording in the resolution if necessary.

There was discussion about looking at additional properties, changing wording in the resolution, whether the resolution binds the Town to this one property, resolution's intent is in preparation for a purchase, using resolution as a boilerplate for properties that may come up in the future, and the cost for legal descriptions and appraisals.

Councilmember Hiles made a motion to adopt this resolution, seconded by Councilmember Repan. There was discussion.

Mark McBrady spoke on the condition of the building; the Town saving money by purchasing the building; the resolution not binding the Town to purchase.

David Nystrom spoke against spending money for appraisals and staff time when the public does not support it; Town becoming a property owner adds considerable liability to the budget; Town government not prepared to undertake property ownership.

Jack Hamilton spoke on the uncertainty of the budget; Council's concern over spending money on an attorney compared to the cost of buying a building; such a decision will go to referendum.

The motion to adopt this resolution passed by a 6-1 vote with Councilmember Wright voting against.

There was discussion about whether the appraisal would be on the entire Humboldt Station or just the Town Hall section. The resolutions states "property generally located at..." allowing the Town to look at just the section it is interested in.

#### **5. Comments from the Public.**

Jack Hamilton spoke on Council not using its time wisely in Study Sessions; does not see why Dewey-Humboldt taxes food when most states do not; review HURF budget so Town does not end up with excess; in regards to the Town Hall purchase discussion whether Council is complying with Open Meeting Law; Councilmember McBrady conflict of interest with the Town Hall purchase.

Councilmember Repan responded to Mr. Hamilton's comment regarding the Town Hall purchase; he was looking at the consistency of the timeline and if Council was going to make a decision back in February, he was curious what changed in the process and nothing was hidden.

Mayor Nolan announced that today is Patriot Day and Prescott Valley has a Field of Flags in remembrance of 9/11 with a ceremony at 6PM this evening at Prescott Valley Town Hall.

6. **Adjourn.**

The meeting was adjourned at 4:00PM.

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Terry Nolan, Mayor

ATTEST:

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Judy Morgan, Town Clerk