

## 6.) FACILITIES – HOW DO WE PAY FOR THEM, Part 3

Now let's tackle the **sales tax/jail district issue**.

Let's begin with the reminder that the grand total current estimated cost for the proposed new Criminal Justice Centers – jails and judicial facilities combined – is \$31.5 million. Of that, the new jail facility in Payson (\$11.3 million) and the refurbished jail facility in Globe (\$5.9 million) would total nearly \$17.2 million.

Also as a reminder, the Gila County Facilities Planning Citizens Advisory Committee recommended that the judicial facilities portion be paid for through the issuance of General Obligation Bonds. These would be paid for over the next 30 years with a secondary property tax rate averaging \$.21 per year (\$21.00 on a \$100,000 house). (Property owners would actually pay a \$.23 rate the first year and an \$.18 rate the last year for an overall average rate of \$.21.)

The Committee also recommended the establishment of a County Jail District funded by a ½-cent sales tax to pay for the jail facilities. Why?

First - the Committee learned that counties, with residents' approval, are allowed in 20-year increments a ½-cent sales tax for the construction and operation of jails within a "Jail District". (This is the way other Arizona counties are paying for their burgeoning jail needs. If Gila County residents shop and/or "eat out" in Maricopa County, Yavapai County or Coconino County – i.e. Metropolitan Phoenix, Prescott or Flagstaff – a portion of the sales tax on their purchases goes to pay for Jail Districts in those counties).

Once the Committee understood that taxes are the sole source of revenue available to pay for the new facilities, they realized that the use of a ½-cent sales tax would be the only way Gila County tax payers could share the new tax burden.

In other words, with a new ½-cent sales tax, about half of the total estimated cost of the Criminal Justice Centers (the jails portion) could be taken off the back of the property owner and slid onto the back of discretionary or luxury goods (goods that a sales tax applies to – more on this later).

Second - the Committee learned that over a third of the arrests and incarcerations in Gila County are of out-of-county residents – but the expense of arresting/ holding/ feeding/ addressing medical needs are borne by Gila County tax payers.

They also learned about a third of the purchases of "discretionary" items (those items that a sales tax applies to) are made by out-of-county residents – visitors from other counties, states or countries (legal or not).

At this point, the Committee recommended letting the voters decide whether or not they wished to split the over-all new tax burden between a secondary property tax (for the new courts) and a ½ cent sales tax (for the new jails), AND capture a third of that increased sales tax from out-of-county purchasers – thereby “exporting” some of the jailing costs.

Now, let’s take a little closer look at sales tax which is modeled after the State of Arizona Sales Tax Code. The State has designed a sales tax for what it has determined are “discretionary” items, as opposed to what are determined to be “necessities”.

Under this concept food, medicine, doctor visits and services (lawyers, accountants, auto mechanics, barbers, yard work, etc.) are necessities and are not taxed. Liquor, tobacco, prepared meals, clothing, vehicles, appliances, and so forth are discretionary and are subject to sales tax. (Don’t ask us why clothes are discretionary, but lawyers are necessary – we didn’t make up these rules!) (Do you suppose *they* did?)

So, how much more will this new ½ cent sales tax cost us?

The additional cost of a \$10.00 lunch at a restaurant would be \$.05

The additional cost of a \$100.00 dress would be \$.50

The additional cost of a \$500.00 appliance would be \$2.50

The additional cost of a \$20,000 vehicle would be \$100.00

As we mentioned above, however,

The additional cost on groceries would be ZERO

The additional cost of prescriptions would be ZERO

The additional cost of a doctor visit would be ZERO

The additional cost of a hair cut would be ZERO

You can make your own examples, just remember that sales tax is tax on “discretionary spending” and for every \$100.00 spent, the new ½-cent sales tax will add \$.50 to the cost.

With a sales tax on “discretionary” spending you can decide in part how much you can afford to pay. If you decide to have a \$30.00 “3 martini lunch” you know you’ll be paying an additional \$.15 tax. If you decide to purchase a \$40,000 Hummer you know you’ll be adding an additional \$200.00 tax to the total price. And so on.

Don’t let anybody tell you any different – if we residents of Gila County are to have improved and essential public safety services (jails) for protection against the criminal element, some combination of taxes will have to pay for them. With a “Jail District” and a ½-cent sales tax, the tax burden for the construction and operation of the new jails would be distributed among residents and non-residents alike.

There is no free lunch - and as we’re sure someone will point out to you, if this ½-cent sales tax passes then the cost of that Happy Meal just went up 2 cents!