



City of Peoria 8401 West Monroe Street Peoria, Arizona 85345

Finance Department

Revenue Division

Dear Valued Business Customer:

November 14, 2005

On September 13, 2005, Peoria voters approved Proposition 300 in support of the Dedicated Local Transportation Sales Tax. Effective January 1, 2006, the Privilege (Sales) Tax and Use Tax rate is increased by three-tenths of a percent (0.3%) for all business classifications. Revenues generated from the tax increase will be dedicated to funding an array of transportation projects and services.

Beginning January 1, 2006, the increased tax rates shall apply to gross income from the business activities shown in the following table:

Business Classification Code	Business Description	Current Tax Rates Through December 31, 2005	New Tax Rates Effective: January 1, 2006
1	Transportation for Hire	1.5%	1.8%
4	Utilities	3%	3.3%
5	Telecommunications	1.5%	1.8%
8	Advertising	1.5%	1.8%
9	Publishing	1.5%	1.8%
10	Job Printing	1.5%	1.8%
11	Restaurant & Bar	2.5%	2.8%
12	Amusements	2.5%	2.8%
13	Commercial Rental	1.5%	1.8%
13A	Residential Rental	1.5%	1.8%
13B	Trailer Court	1.5%	1.8%
14	Hotel & Additional Transient Lodging (combined)	5%	5.6% *
15	Contracting	1.5%	1.8% **
16	Rental Personal Property	1.5%	1.8%
16A	Vehicle Rentals	1.5%	1.8%
17	Retail Sales	1.5%	1.8%
18	Cable T.V.	1.5%	1.8%
20	Use Tax	1.5%	1.8%

***Hotel & Additional Transient Lodging Tax Rate Note:** This is the combined rate for both categories.

****Contracting Tax Rate Note:** The increased tax rate imposed by this ordinance shall not apply to gross income derived from any construction contract (or similar arrangement or undertaking) executed or committed to, or where a binding bid has been submitted prior to January 1, 2006, or, in the case of an owner/builder, where any contract for sale or document for sale has been executed prior to January 1, 2006. As to such activities, the former tax rate of 1.5% shall apply and the increased tax rate of 1.8% shall apply only to such activities undertaken on or after January 1, 2006.

In 2006 your sales tax return form will reflect the new sales tax rate(s). We sincerely appreciate your continued effort in making Peoria a great place to live and work. If you have questions regarding the effective date or how to calculate the new rates, please contact our Customer Service office at (623) 773-7160.

Sincerely,

Tax and License Division
City of Peoria