



CITY OF KINGMAN COMMUNICATION TO COUNCIL

TO: Honorable Mayor and City Council

FROM: Tina Moline

MEETING DATE: June 16, 2026

AGENDA SUBJECT: Adoption of Ordinance No. 2003 - Amending the Tax Code to Increase the Transaction Privilege Tax Rate Imposed on Selected Tax Classifications and the Adoption of Local Option V, Two-Tier Tax Rate, Imposed in the Retail and Use Tax Classifications; with the Funds to be Used for the Sole Purpose of Funding Kingman's Street Repairs, Maintenance and Improvements Program

SUMMARY:

In FY2024, the City Council adopted a seven-year program to fund street repairs, maintenance, and improvements, utilizing General Fund reserves that are projected to be fully expended by FY2030. As these one-time resources are depleted, a sustainable, recurring revenue source will be necessary to continue the existing program. There is currently \$22.0 million remaining in reserves for this program.

The Flying Fortress Parkway Traffic Interchange is anticipated to be completed in August 2026, with the connector segment from Grand Canyon Road to Airway Avenue to be completed shortly thereafter. The remaining segment of Flying Fortress Parkway, connecting Airway Avenue to Industrial Boulevard, is expected to cost \$27.0 million. Implementation of a transaction privilege tax (TPT) increase in FY2027 would enable the City to allocate \$22.0 million in General Fund reserves toward completion of this critical infrastructure segment.

The City Council began considering a TPT increase dedicated towards street repairs, maintenance and improvements in February. A work session was held in March where the public was encouraged to attend and provide comments. On April 7th, the Council adopted a Notice of Intent to consider:

1. A 0.50% increase across most tax classifications, with the exception of *Severance-Meta Mining, Commercial Rental, Leasing & Licensing for Use*, and the additional taxes on *Hotel/Motel and Restaurants and Bars*;
2. A 1.00% increase to the *Commercial Rental, Leasing & Licensing for Use* tax classification;

3. A 1.00% increase to the *Hotel/Motel* additional tax classification; and,
4. Adding Local Option V of the Model City Tax Code, which is a two-tiered tax structure for the *Retail Sales* and *Use Tax* taxable activities, to Kingman's tax code.

Tonight, the City Council will hold a public hearing and consider approving the above tax code amendments.

If approved, the amendments would become effective September 1st. It is important to note the revenues generated by the amendments will be dedicated to street repairs, maintenance and improvements.

FISCAL IMPACT:

There will be an increase in TPT revenue collections which will positively impact the Highway User Revenue Fund (HURF). In FY27, collections should reach \$3.8 million. In future years, collections should reach \$6.0 million.

STAFF RECOMMENDATION:

Approve Ordinance No. 2003

SUGGESTED MOTION:

Approve Ordinance No. 2003

ATTACHMENTS:

[Ordinance 2003](#)

[Tax Discussion - June Public Hearing](#)

[Taxable Activities Current and Proposed Rates](#)

[Affidavit of Pub Notice of Intent](#)