



CITY OF PRESCOTT SALES TAX RATE TO DECREASE EFFECTIVE JANUARY 1, 2023

Posted on December 21, 2022 by John Heiney, Community Outreach Manager, City

Manager's Office



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Tax is sunseting as a result of paying down of PSPRS Unfunded Liability

Effective January 1, 2023, the City of Prescott's transaction privilege (sales) tax rate is decreasing from 2.75% to 2%. The combined tax rate (State, County & City) for Prescott will decrease from 9.10% to 8.35%.

The Prescott City Council voted on October 11, 2022, to adopt Ordinance No. 2022-1801 eliminating the 0.75% transaction privilege tax dedicated to paying down the City's unfunded liability in the Arizona Public Safety Personnel Retirement System (PSPRS).

The current tax rate has been in place since January 1, 2018, after citizens voted for Proposition 443 to increase the tax by three quarters of one percent. The increase was dedicated to paying down the City's unfunded pension liability for public safety personnel, which at the time was around \$85 Million. Proposition 443 called for the tax to sunset after 10 years, or if the unfunded liability dropped below \$1.5 Million.