



# MAYOR & COUNCIL COMMUNICATION

December 16, 2025

Subject: Mayor and Council Approval to Amend Chapter 19 of the Tucson Code Relating to Privilege Tax Rate Change for Advertising (Citywide)

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Issue – This is a request to amend Chapter 19, Article II, Division 4, Section 19-405 of the Tucson City Code to set the Advertising Privilege Tax rate from zero percent (0%) to two point six percent (2.6%).

City Manager's Office Recommendation – It is recommended that the Mayor and Council approve the proposed advertising privilege tax rate change, authorize the corresponding revision to the City Code, and adopt the attached Ordinance, all of which require formal action through a Mayor and Council vote.

Background – Since the adoption of the FY26 Budget in June 2025, the Mayor and Council directed the City Manager and staff to develop and present options and recommendations for additional or new revenues to fulfill adopted budget plans and to assist with addressing the lower-than-anticipated revenue collections. At the August 6, 2025, Mayor and Council Study Session, staff presented eleven options with five being recommended by the City Manager. The recommendations are expected to generate additional annual revenues estimated at \$7.6 Million.

The Advertising Privilege Tax is a tax of the gross income from the business activity of engaging in local advertising by billboards, direct mail, radio, television, or by other means outlined in City of Tucson Code. The tax rate is currently set at 0% and can be changed by a Mayor and Council vote.

Present Considerations – Based on discussions during the Mayor and Council Study Sessions of August 6, 2025, September 9, 2025 and December 16, 2025, the City Manager and staff have recommended that Chapter 19, Division 4, Section 19-405 of the Tucson City Code be amended, setting the Advertising Privilege Tax rate from zero percent (0%) to two point six percent (2.6%).

Upon adoption of the Ordinance, the new tax rate will become effective on March 1, 2026.

Plan Tucson Considerations – This item relates to Chapter Four, Plan Implementation & Administration, and the City's ability to implement Plan Tucson by having the right foundational elements in place, such as resources, partnerships, procedures, agreements, and other administrative elements.

Financial Consideration – Adoption of the proposed 2.6% advertising tax increase is estimated to generate an additional \$470,000 in annual revenue.

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to Privilege Tax Rate Change for Advertising (Citywide)

Legal Considerations – The City Attorney's office has reviewed this Communication and has prepared the attached Ordinance. If adopted by the Mayor and Council, this Ordinance will change the tax rate in the Tucson Code of Ordinances, Chapter 19, Division 4, Section 19-405. Advertising.

Respectfully submitted,



Anna Rosenberry, CPA  
Assistant City Manager/  
Chief Financial Officer

Attachment(s): Proposed Ordinance (Redline)  
Ordinance