

Summary

Board Bill Number 151

Primary Sponsor: Alderman Thomas Oldenburg

October 23, 2020

An ordinance submitting to the qualified voters of the City of St. Louis, pursuant to Section 92.115 RSMo, the question of whether to continue the earnings tax imposed by the City of St. Louis for a period of five years; providing for an election and the manner of voting; providing that if such question shall receive the votes of a majority of the voters voting thereon that such earnings tax shall continue; and containing a severability clause and emergency clause.

BOARD BILL NUMBER 151 INTRODUCED BY: ALDERMAN THOMAS OLDENBURG/ ALDERMAN JOHN COLLINS-MUHAMMAD/ALDERWOMAN MARLENE DAVIS/ ALDERMAN JOSEPH VACCARO/ ALDERWOMAN BETH MURPHY/ ALDERWOMAN CARA SPENCER/ ALDERWOMAN PAMELA BOYD/ ALDERWOMAN SHAMEEM CLARK-HUBBARD/ ALDERMAN JOSEPH VOLLMER / ALDERWOMAN CAROL HOWARD/ ALDERMAN DAN GUENTHER/ ALDERWOMAN CHRISTINE INGRASSIA/ ALDERWOMAN MEGAN GREEN/ ALDERWOMAN VICKY GRASS/ ALDERWOMAN DWINDERLIN EVANS/ ALDERMAN JOHN COATAR/ ALDERMAN JOSEPH RODDY/ ALDERWOMAN HEATHER NAVARRO/ ALDERWOMAN ANNIE RICE/ ALDERWOMAN SARAH MARTIN/ ALDERMAN BRET NARAYAN/ ALDERMAN SHANE COHN

1 An ordinance submitting to the qualified voters of the City of St. Louis, pursuant to Section
2 92.115 RSMo, the question of whether to continue the earnings tax imposed by the City of St. Louis for
3 a period of five years; providing for an election and the manner of voting; providing that if such question
4 shall receive the votes of a majority of the voters voting thereon that such earnings tax shall continue;
5 and containing a severability clause and emergency clause.

6 **WHEREAS**, the City of St. Louis imposes an earnings tax (the “Earnings Tax”) for general
7 revenue purposes of one percent (1%) on certain salaries, wages, commissions, other compensation and
8 net profits pursuant to Section 92.110 et seq., RSMo., Article I, Section 4 of the Charter of the City of
9 St. Louis, and Section 5.22.010 et. Seq., of the Revised Code of the City of St. Louis; and

10 **WHEREAS**, a state-wide initiative petition (“Proposition A”) proposing statutory amendments
11 to Chapter 92, RSMo., relating to earnings taxes, was approved on November 2, 2010, by a majority of
12 Missouri voters; and

13 **WHEREAS**, the City of St. Louis desires to submit to the voters of the City of St. Louis the
14 question of whether to continue the Earnings Tax in accordance with sections 92.105 to 92.125, RSMo.,
15 as amended by Proposition A.

16 **BE IT ORDAINED BY THE CITY OF ST. LOUIS AS FOLLOWS:**

17 **SECTION ONE.** The City of St. Louis, a constitutional charter city, imposes an earnings tax
18 (the “Earnings Tax”) for general revenue purpose of one percent (1%) on certain salaries, wages,

44 **SECTION THREE.** The Board of Election Commissioners of the City of St. Louis shall
45 provide notice of such election, shall provide the ballots or voting machines, or both, and conduct the
46 election and shall ascertain and certify the result thereof, all according to the laws regulating such
47 elections. If voting machines are used, the aforesaid “OFFICIAL BALLOT” shall be placed or posted on
48 the said voting machines wherever said machines are used under the direction of the Board of Election
49 Commissioners for the City of St. Louis and according to the laws regulating such elections.

50 **SECTION FOUR.** Upon the approval of this Ordinance, it shall be published once in the City
51 Journal. Proof of the publication of this Ordinance shall be made by affidavit of the City Register, and
52 such affidavit shall be filed in the office of the City Register and a copy of such publication shall be
53 attached thereto.

54 **SECTION FIVE.** If any section, subsection, sentence, clause, phrase or portion of this
55 Ordinance is held to be invalid or unconstitutional, or unlawful for any reason, by any court of
56 competent jurisdiction, such portion shall be deemed and is hereby declared to be a separate, distinct and
57 independent provision of this Ordinance, and such holding or holdings shall not affect the validity of the
58 remaining portions of this Ordinance.

59 **SECTION SIX.** This being an Ordinance calling for an election or vote by or submission to the
60 people of the City of St. Louis, it is hereby declared to be an emergency measure and shall become
61 effective immediately upon its passage and approval by the Mayor pursuant to Article IV, Sections 19
62 and 20 of the Charter of the City of St. Louis.

BOARD BILL NUMBER 151
FISCAL NOTE

Preparer's Name Paul W. Payne – Budget Director

Phone Number or Email Address (will be available publicly) paynep@stlouis-mo.gov

Bill Sponsor Ald. Tom Oldenburg, John Collins-Muhammad

Bill Synopsis:	An ordinance submitting to the qualified voters of the City of St. Louis pursuant to Section 92.115 RSMo., the question of whether to continue the earnings tax imposed by the City of St. Louis for a period of five years; providing for an election and the manner of voting.
Type of Impact:	The Earnings Tax is the City's single largest source of revenue amounting to approximately 35% of the general fund budget. Total receipts in FY19 (pre-covid fiscal year) exceeded \$184M. In November, 2010, voters of the State of Missouri passed a state proposition requiring that for the Earnings Tax to continue in the City it would need approval by local referendum every five years. If not successfully passed, the tax would be phased out over a ten year period. The proposed board bill would provide for said local referendum and thus provide the City the opportunity to avoid by default a loss of this significant source of revenue.
Agencies Affected:	City-wide.

SECTION A

Does this bill authorize:

- An expansion of services which entails additional costs beyond that approved in the current adopted city budget? ___ Yes **X** No
- An undertaking of a new service for which no funding is provided in the current adopted city budget? ___ Yes **X** No

- A commitment of city funding in the future under certain specified conditions? ___Yes XNo
- An issuance of bonds, notes and lease-purchase agreements which may require additional funding beyond that approved in the current adopted city budget? ___Yes XNo
- An execution or initiation of an activity as a result of federal or state mandates or requirements? XYes ___No
- A capital improvement project that increases operating costs over the current adopted city budget? ___Yes XNo
- A capital improvement project that requires funding not approved in the current adopted city budget or that will require funding in future years? ___Yes XNo

If the answer is yes to any of the above questions, then a fiscal note must be attached to the board bill. Complete Section B of the form below.

SECTION B

- Does the bill require the construction of any new physical facilities? ___Yes XNo

- If yes, describe the facilities and provide the estimated cost:

- Is the bill estimated to have a direct fiscal impact on any city department or office? XYes ___No

- If yes, explain the impact and the estimated cost:

The proposed ordinance provides the City the opportunity to retain collection of the Earnings Tax. Without authorization of the referendum contained in this bill, the City would be faced with the phase out of the Earnings tax which serves as the largest source of general funds for City operations. With receipts totaling \$184M in FY19 (precovid fiscal year) or approximately 35% of the general fund budget, all City departments would be severely impacted.

- Does the bill create a program or administrative subdivision? ___Yes XNo

- If yes, then is there a similar existing program or administrative subdivision?
_____ Yes No
- If yes, explain the how the proposed programs or administrative subdivisions may overlap:

- Describe the annual operating, equipment, and maintenance costs that would result from the proposed bill, as well as any funding sources:

Complete the chart below to list the total estimated expenditures required of the City resulting from the proposed board bill and any estimated savings or additional revenue.

Financial Estimate of Impact on General Fund			
Fiscal Impact	<u>Year 1 (current)</u>	<u>Year 2</u>	<u>Year 3</u>
Additional Expenditures	n/a		
Additional Revenue	\$18.4M	\$36.8M	\$55.2M
Net			
Financial Estimate of Impact on Special Funds			
Fiscal Impact	<u>Year 1 (current)</u>	<u>Year 2</u>	<u>Year 3</u>
Additional Expenditures	n/a		
Additional Revenue	\$0.4M	\$0.9M	\$1.3M
Net			

- Describe any assumptions used in preparing this fiscal note:
Without reauthorization of the Earnings Tax the tax would be phased out over a ten year period. While the bill itself only authorizes the referendum on retaining the Earnings tax, without the bill there would be no referendum and the loss of the Earnings tax would occur by default. Above figures represent the estimated revenues that would otherwise be forfeited without the referendum. It represents 10% of FY19 receipts that for each passing year would accumulate until total elimination. Special funds category represent that portion of Earnings tax receipts allocated to TIF projects that would otherwise also be forfeited._____

- List any sources of information (including any City officials, agencies, or departments) used in preparing this fiscal note:
Budget Division_____

- Have the financial estimates of this bill been verified by the City Budget Division?
 Yes No
 - If yes, by whom? Paul W. Payne – Budget Director