

Summary

Board Bill Number 66

Primary Sponsor: Alderman John Coatar

June 12, 2020

The proposed Board Bill would impose a gross receipts tax on telecommunications providers and fiber network providers that are not otherwise currently subject to such tax. The question of whether or not to impose said tax will be subject to a public vote on November 3, 2020

**BOARD BILL NUMBER 66 INTRODUCED BY: ALDERMAN JOHN COATAR/
ALDERWOMAN CHRISTINE INGRASSIA**

1 An ordinance submitting to the qualified voters of the City of St. Louis a gross receipts tax to
2 be imposed on telecommunications providers and fiber network providers as set forth herein that
3 are not otherwise currently subject to such taxes; providing for an election to be held therefore
4 and the manner of voting thereat; and, upon passage of said ballot measure, an amendment to
5 City of St. Louis Ordinance 67717 as codified in Section 23.34.020 of the Revised Code of the
6 City of St. Louis and Sections 23.34.010 through 23.34.030 of the Revised Code of the City of
7 St. Louis reflecting gross receipts tax to be imposed as approved by the voters of the City of St.
8 Louis.

9 **WHEREAS**, the City of St. Louis desires to enact a tax structure that will encourage
10 development of fiber networks to provide service to under-served areas of the City.

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

12 **SECTION ONE.** The following amendment to Ordinance 67717 and Sections 23.34..010
13 through 23.34.030 of the Revised Code of the City of St. Louis is hereby proposed and ballot
14 language to be submitted to the voters of the City of St. Louis to accomplish this amendment,
15 which shall be voted upon at an election to be held as hereinafter provided, is set forth herein.

16 The said amendment is in words and figures as follows:

17 23.34.010-Telecommunications Providers and Fiber Network Providers to pay tax. Every entity
18 now or hereafter engaged in a general telecommunications business in the City, providing
19 telecommunications, telecommunications exchange, or local, toll, or long distance, telephone
20 service to its customers with a service or billing address within the St. Louis City Limits

1 (“Telecommunications Providers”) shall pay to the city a tax as hereinafter provided in this
2 chapter.

3 Every entity now or hereafter engaged in providing fiber networks to customers using fiber
4 networks, built whole or in part in the City’s public right of way, who are not subject to franchise
5 fees, or gross receipts taxes, (“Fiber Network Providers”), shall pay to the city a tax as hereinafter
6 provided in this chapter.

7 Telecommunications Providers and Fiber Network Providers shall pay the City a tax as
8 hereinafter provided, except that no entity already required to pay a franchise fee, or gross
9 receipts tax, or linear foot fees shall also be required to pay a gross receipts tax hereunder.

10 This ordinance is not intended to apply to Small Wireless Facilities as defined in 67.5112(19),
11 RSMo. 23.34.020 Gross receipts tax

12 Every Telecommunications Provider and Fiber Network Provider shall pay to the City a tax
13 equaling seven and one half percent of the gross receipts of any such company obtained from
14 customers or from other use of its fiber networks for any services there provided, except such
15 receipts as represent charges for message rate toll, or long distance, telephone service, charges
16 for message rate interzone telephone service, charges for exclusive interstate service of any kind,
17 charges for Morse, telegraph or radio program transmission facilities, or for other services
18 furnished exclusively and permanently in connection with services extending beyond the
19 boundaries of the City, charges for the billing and collecting for telegrams, charges for the sale
20 of telephone directories, charges for Yellow Pages advertising, charges for the rental of plant
21 facilities or other property not currently used by any such company in furnishing its telephone
22 services, and charges which combine both receipts which are herein taxed and which are herein
23 excepted in all cases in which the demonstrable cost to any such telephone company in making

1 a separation between the revenues taxed and those excepted shall exceed the evident revenue to
2 be derived from the City hereunder. "Gross receipts" does not include an amount equal to all
3 discounts, credits, refunds, overcharges, or overpayments, sales taxes and uncollectible accounts
4 actually charged off, returned, or given credit for by such telephone company to its subscribers
5 during the period for which the return is made, and all discounts, credits, refunds, overcharges,
6 or over payments, sales taxes, and uncollectible accounts actually charged off, returned or given
7 credit for by such telephone company to its subscribers in a prior return period but not previously
8 claimed as a deduction from prior reported gross receipts. Any such tax shall not be applicable
9 to gross receipts from charges for internet access only, as that term is used in the Federal Internet
10 Freedom Act, P.L. 105-277, as amended. Neither this section, nor any provision hereof, shall be
11 deemed or construed as a waiver, relinquishment, creation, expansion, modification or
12 termination of any rights which the City may already have with respect to any
13 Telecommunications Provider and Fiber Network Provider, nor shall it be deemed or construed
14 to alter, amend or modify in any way the settlement agreement entered into between the City of
15 St. Louis and Southwestern Bell Telephone Company and its successors on September 3, 1998.
16 If any entity is not required to pay, or is exempt from, gross receipt tax, such entity may still be
17 subject to the linear foot fee, as codified in Chapter 23.64 of the Revised Code of the City of St.
18 Louis.

19 23.34.030 Statement of gross receipts. Every Telecommunications Provider and Fiber Network
20 Provider on or before the second last day of each month shall file with the Comptroller a verified
21 statement of its gross receipts upon which the gross receipts tax is laid for the next preceding
22 month, and shall pay the tax at the same time as the filing of the report.

1 **SECTION TWO.** The following ballot proposition is hereby proposed and submitted to the
2 voters of the City of St. Louis and shall be voted upon at an election to be held as hereinafter
3 provided. The said ballot measure is in words and figures as follows: “Should Chapter 23 of the
4 Revised Code of the City of St. Louis be amended to impose a gross receipts tax of seven and
5 one half percent of the gross receipts of revenue obtained from Telecommunications Providers,
6 which are and include every entity now or hereafter engaged in a general telecommunications
7 business in the City, providing both telecommunications, telecommunications exchange, or
8 local, toll, or long distance to its customers with a service or billing address within the St. Louis
9 City limits; and Fiber Network Providers, which are and include every entity now or hereafter
10 engaged in providing fiber networks, built whole or in part in the City’s public right of way,
11 which are not internet or video service providers subject to franchise fees, to customers and other
12 users of fiber networks ?

13 **SECTION THREE.** The foregoing proposed ballot measure shall be submitted to the qualified
14 voters of the City of St. Louis at the next annual election to be held on November 3, 2020, and
15 if said ballot measure shall receive in favor the votes of a majority of the qualified voters voting
16 at such election for or against said proposed ballot measure, such measure shall be adopted
17 immediately and become a part of the Revised Code of the City of St. Louis from the date of
18 said election and the tax imposed shall be authorized and become effective immediately.
19 Qualified voters of the City of St. Louis may at the election aforesaid vote a ballot substantially
20 in the following form:

21 OFFICIAL BALLOT

22 Instructions to voters:

1 To vote in favor of the proposition submitted upon this ballot, place an “X” in the square opposite
2 the word “Yes” and to vote against the proposition submitted on this ballot, place and “X” in the
3 square opposite the word “No”.

4 The ballot measure shall appear on the ballot substantially as follows:

5 Yes ___ No ___

6 Ballot measure: “Should Chapter 23 of the Revised Code of the City of St. Louis be amended to
7 impose a gross receipts tax of seven and one half percent of the gross receipts obtained from
8 Telecommunications Providers, which are and include every entity now or hereafter engaged in
9 a general telecommunication business in the City, providing telecommunication,
10 telecommunications exchange, or local, toll, or long distance, telephone service to its customers
11 with a service or billing address within the St. Louis City limits; and Fiber Network Providers,
12 which are and include every entity now or hereafter engaged in providing fiber networks, built
13 whole or in part in the City’s public right of way, which are not internet or service providers
14 subject to franchise fees, to customers and other users of fiber networks?”

15 **SECTION FOUR.** The Board of Election Commissioners shall provide the ballots or voting
16 machines or both and conduct the election and shall ascertain and certify the result thereof
17 according to the law. If voting machines are used, the aforesaid “OFFICIAL BALLOT” shall
18 be placed or posted on the said voting machines wherever said machines are used under the
19 direction of the Board of Election Commissioners for the City of St. Louis and according to law.

20 **SECTION FIVE.** Upon the approval of this Ordinance, it shall be published in the City Journal,
21 the official publication of the City of St. Louis, Missouri. Proof of the publication of this
22 Ordinance shall be made by affidavit of the City Register, and such affidavit shall be filed in the
23 office of the City Register and a copy of such publication shall be attached thereto.

1 **SECTION SIX.** If the ballot measure set forth herein is approved by a majority of the qualified
2 voters of the City of St. Louis, and if any provision of the same is subsequently held invalid by
3 a court of competent jurisdiction, any entities which would have otherwise been required to pay
4 a linear foot fee pursuant to Chapter 23.64 of the Revised Code of the City of St. Louis shall
5 remain obligated to pay such linear foot fee pursuant to the laws of the City of St. Louis.

6 **SECTION SEVEN.** This being an ordinance providing for the submission of a question to the
7 voters, it is hereby declared to be an emergency ordinance as provided by Article IV, Section 20
8 of the Charter of the City of St. Louis, and shall be effective immediately upon approval by the
9 Mayor or its approval over his or her veto.

BOARD BILL NUMBER 66

FISCAL NOTE

Preparer's Name: Ald. Jack Coatar

Phone Number or Email Address: City of St. Louis Board of Aldermen
 Attn: Ald. Jack Coatar
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Bill Sponsor: Ald. Jack Coatar

Bill Synopsis:	BB 66 authorizes a public vote on the November 3, 2020 ballot to ask voters whether or not they wish to amend Section 23.34.010 through 23.34.030 of the Revised Code of the City of St. Louis, the City's existing 7.5% gross receipts tax on telecommunications, to include Fiber Network Providers.
Type of Impact:	The City will likely expand general fund revenues to the general fund by shifting Fiber Network Providers from the \$2.20 per linear foot right-of-way fee to an industry standard gross receipts tax. Currently, Fiber Network Providers constitute \$150,000 of the \$2.1 million generated by the City's right-of-way fee. If authorized by the voters, this expansion of the gross receipts tax would generate \$375,000 on \$5 million in Fiber Network Provider revenues in year one.
Agencies Affected:	Communications Division

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 X No
- An issuance of bonds, notes and lease-purchase agreements which may require additional funding beyond that approved in the current adopted city budget? ___ Yes X No

- An execution or initiation of an activity as a result of federal or state mandates or requirements?
_____Yes XNo
- 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.