

RESOLUTION NUMBER 331

WHEREAS, it is incumbent upon the Board of Aldermen to express opposition of the efforts to repeal the City of St. Louis' ability to utilize current revenues raised from its earning tax to fund city services and expressing its intent to continue levying the current voter approved earnings and profits tax that funds basic and essential public services to people living and working in the City of St. Louis and opposing any legislation, initiative or referendum repealing the earnings and profits tax without the Board of Aldermen's prior endorsement.

WHEREAS, the citizens of the City of St. Louis have twice supported the levying of the earnings and profits tax; and

WHEREAS, the earnings and profits tax is the largest source of revenue funding the annual City Budget approximately \$140 million per year-providing 31% of General Fund Revenues and 20% of all Governmental Fund Revenues; and

WHEREAS, the earnings and profits tax, in whole or in part, funds numerous basic services including but not limited to police and fire protection, trash collection and disposal, street preservation, animal control, illegal dumping, tree trimming, neighborhood preservation and revitalization, dangerous building demolition, weed abatement, and others; and

WHEREAS, the earnings and profits tax provides funding for tax increment financing projects as well as other planning and economic development functions; and

WHEREAS, the earnings and profits tax contributes to the diversity of the City of St. Louis' revenue structure and therefore has the positive effect of moderating revenue declines during economic downturns; and

WHEREAS, over the last 5 year, 10 year and 20 year periods, the earnings tax has experienced compound annual growth rates of 2.7 %, 1.9% and 2.2% respectively; City sale tax during those same periods half grown at rates of 1.4%, 0.2%; and

WHEREAS, a diverse revenue structure also collects income from a variety of bases thereby no overburdening any particular category of taxpayer; and

WHEREAS, the City would need to more than double its current sales tax rate, to approximately seven and one half percent, to compensate for lost earnings and profits tax income; and

WHEREAS, an increase of this size in the City sales taxes would push the overall sales tax rate in the City of St. Louis over twelve percent, which would be considerably greater than any other community in the metro area; and

WHEREAS, statutory authorization would be needed to propose an increase in the local sales tax; and

WHEREAS, the City would need to increase its aggregate existing total property tax by approximately two and a half times over \$3 per \$100 assessed valuation to replace lost earnings and profits tax income; and

WHEREAS, the impact of such a increasing the property tax levy would annually cost the owner of a \$100,000.00 home and \$15,000.00 automobile and additional \$750.00 and the owner of a \$200,000.00 home and \$35,000.00 automobile an additional \$1,560.00; and

WHEREAS, the City would need to receive statutory authorization to propose an increase in its general property tax rate beyond the current limit; and

WHEREAS, the loss of the earnings and profits tax would require the City to file a “material event notice” regarding its bond portfolio, and this would have substantial repercussions in the bond market unless the City can present an acceptable plan for the replacement of this income; and

WHEREAS, the earnings and profits tax is effectively a modestly progressive tax, while the sales tax is effectively regressive, and the property tax is effectively proportional; and

WHEREAS, local earnings or income taxes are not uncommon among the nation’s largest cities as one in four large urban cities have an earnings or income tax; and

WHEREAS, the City of St. Louis’ earnings tax is among the nation’s lowest at one percent with a national average of two percent and a high of 4.54 percent. Only one U.S. city has a lower earnings/income tax rate, 0.7%, than the City of St. Louis. By comparison, the Missouri state income tax rate is six percent on taxable income exceeding \$9,000.00; and

WHEREAS, the earnings and profits tax receives some of its income from non-residents who earn their income in the City of St. Louis and thereby benefit from public safety, transportation, maintenance, preservation, and other basic services and increase the demand for those services;

NOW THEREFORE BE IT RESOLVED by the Board of Aldermen of the City of St. Louis that:

Section 1. That it is recognized that the provision of basic and essential public services to persons living and working in the City of St. Louis requires a reliable means of annual income and that the earnings and profits tax is the single largest component of a diverse revenue structure that funds those services.

Section 2. That, all things considered, the Board of Aldermen believes that the earnings and profits tax is an integral, equitable, and complementary component of its overall revenue structure and should continue to be levied for the foreseeable future to insure the continued and reliable funding and provision of public services.

Section 3. That the Board of Aldermen hereby opposes any legislation, initiative or referendum, which would repeal the earnings and profits tax without the Board of Aldermen’s prior endorsement of such action, and that such action should be withdrawn forthwith until due consideration and endorsement has been granted.

Introduced on the 26th day of February, 2010 by:

Jeffrey L. Boyd, Alderman 22nd Ward

Honorable Charles Quincy Troupe, Alderman 1st Ward

Honorable Shane Cohn, Alderman 25th Ward

Honorable Stephen J. Conway, Alderman 8th Ward

Honorable Kenneth A. Ortmann, Alderman 9th Ward

Honorable Marlene E. Davis, Alderwoman 19th Ward

Adopted this the 26th day of February, 2010 as attested by:

David W. Sweeney
Clerk, Board of Aldermen

Lewis E. Reed
President, Board of Aldermen

