

WHERE COMMUNITY AND SPIRIT MEET

April 5, 2019

Honorable Nicole Galloway
State Auditor
State Capital Building
Jefferson City, Mo 65101

RE: Fiscal Note regarding Constitutional amendment (20-042) City of Kirkwood,
Missouri

Dear Ms. Galloway:

I understand that the State Auditor's Office is required to submit a Fiscal Note and Fiscal Note Summary under section 116.332 RSMO on all initiative petitions. Please accept the following suggestions for inclusion in the fiscal note as to how this proposal will impact local government in the St. Louis region. Specific example is for the City of Kirkwood.

SUMMARY:

The proposal as presented strips all existing municipalities in St. Louis Count of substantial revenues including sales taxes and any revenues associated with courts, police, business licenses, and regulations and roads which by current statutes are remitted to cities in St. Louis County . While the proposal also strips from cities (now called Municipal Districts) all responsibility and associated costs for court, police, business regulation including zoning, permits and general economic development, the net result will be a substantial deficit for the remaining municipal district that may require service reductions and/or substantial increases in real state or utility taxes.

In the case of Kirkwood, the net result of the changes proposed in the Constitutional Amendment is a deficit for the surviving Kirkwood Municipal District of nearly \$2,144,551 per year with no funds allocated for capital equipment or projects.

(Kirkwood currently allocates \$4.7 million per year from the capital improvement sales taxes for capital equipment and projects) Post Better Together we will not have the

funding for crucial capital equipment. For example in our fire department we have scheduled replacements of ambulances and fire rescue pumpers. Post Better Together leaves us with the responsibility of fire rescue and emergency response with no funding for any of the equipment needed for this operation.

While some reduction in service levels and expenses would be appropriate, the end result would be requirement to substantially increase local taxes on the property owner's in the surviving Kirkwood Municipal District focused on three options: 1) a substantial real estate and personal property tax; 2) a substantial increase in gross receipts taxes on utilities (passed thru to the underlying customer); an increase in the fees charged by the Kirkwood Municipal District for parks & recreation fees.

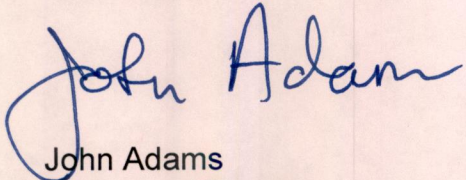
2019/2020 Budget	General Fund	Capital Improvement	Parks/Stormwater Capital	Park Fund
Revenues	23,182,471	6,299,750	2,644,822	2,024,532
Expenses	24,994,874	5,687,796	2,010,687	1,673,874
Transfers IN (Out)	2,055,489	1,966,845	(1,030,000)	621,120
Surplus/(Deficit)	243,086	2,578,799	(395,865)	971,778
Post Better Together	General Fund	Capital Improvement	Parks/Stormwater Capital	Park Fund
Revenues	13,094,960	-	1,318,307	1,474,532
Expenses	15,040,169	-	1,318,307	1,673,874
Transfers IN (Out)	-	-	-	71,120
Surplus/(Deficit)	(1,945,209)	-	-	(199,342)

1. Expenses in pre Better Together 2019/2020 General Fund are estimated at 95% of budgeted amount.
2. Parks/Stormwater monies(post Better Together) are for debt service
3. Kirkwood's capital improvement and parks/stormwater capital improvement sales taxes will no longer be available post Better Together.
4. Park Fund would lose a transfer from the Parks/Stormwater Fund (post Better Together) in the amount of \$550,000

The Kirkwood Municipal District to cover our proposed post Better Together deficit would need a substantial increase in real estate taxes and/or utility gross receipts taxes.

If you have any questions regarding the City of Kirkwood's analysis please call me at 314-822-5833 or e-mail me at adamsjr@kirkwoodmo.org.

Sincerely,

A handwritten signature in blue ink that reads "John Adams". The signature is written in a cursive style with a large, looping initial "J".

John Adams
Director of Finance
City of Kirkwood
139 S. Kirkwood Rd
Kirkwood, MO 63122