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The 'Top 10' List: Things Your City's Finance Director Wishes the City Attorney Knew

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Tammy Queen, Director of Finance

- 28 Years of City Finance
 - Finance Director since 2019
- Lecturer for the Government Finance Officers Association (GFOA)
 - Prev. chair of the National Committee on Treasury Investment Management



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#10 – Develop (Maintain) Institutional Knowledge

- The City Attorney will inevitably be asked “can we do this?”
 - More likely than not, the problem has been solved before
- Keep a written, organized record of prior legal guidance
- Examples:
 - “Can we use Tax A to Fund Project B”
 - “Can we increase Tax C? If so, by how much?”
 - “Does Tax D apply to Corporation E?”

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#9 – Know the Hancock Amendment

- May not increase rate of tax or tax base without a vote of the people
- Taxes vs. user fees, a five factor analysis:
 - 1) What service does the City provide in exchange for the fee?
 - 2) Who pays the fee—owners or users?
 - 3) When is it paid—regularly or after use?
 - 4) How much to pay—fixed amount or based on usage?
 - 5) Is the service historically and exclusively governmental?
- Resources:
 - Mo. Const. Art. X, Sec. 22.
 - *Leggett v. Missouri State Life Ins. Co.*, 342 S.W.2d 833 (Mo. banc. 1960)
 - *Keller v. Marion County Ambulance Dist.*, 820 S.W.2d 301 (Mo. banc. 1991)
 - *Zweig v. Metropolitan St. Louis Sewer Dist.*, 412 S.W.3d 223 (Mo. banc. 2013)

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#8 – Bonds: Authorizations and Ballot Requirements

Election Date (1 st Tuesday after the 1 st Monday)	Voter Approval Requirements for General Obligation Bonds
February	2/3-majority in all years
April	4/7-majority in all years
June	2/3-majority in all years
August	4/7-majority in even-numbered years 2/3-majority in odd-numbered years
November	4/7-majority in even-numbered years 2/3-majority in odd-numbered years

- 115.123 RSMo.
- Graphic per Gilmore & Bell, PC, *Missouri Municipal Finance Guide* (April 2012)

Hire bond counsel!

- General Obligation bonds
 - Mo. Const. Art. VI, Sec. 26
 - GO debt cannot exceed 10% of City's assessed valuation (Secs. 26(b)-(c))
 - Additional 10% allowed for water, electric, and street, sewer purposes (Secs. 26(d)-(e))
 - Total GO debt cannot exceed 20%
 - Repaid in 20 years (Sec. 26(f))
- Revenue bonds
 - Mo. Const. Art. VI, Sec. 27
 - Ch. 91; 250 RSMo. – waterworks and sewer
 - Ch. 94 – capital improvements and transport

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#7 – Economic Incentives

- Tax Increment Financing ("TIF") Agreements
 - 99.800–99.865 RSMo.
 - Use tax revenue to reimburse development of blighted areas or economic development areas
 - 'Capture' 100% of local incremental property tax and 50% of utility taxes (EATs)
- Tax Abatement - Ch. 353 and Ch. 100, RSMo.
- Improvement Districts: CIDs, TDDs, NIDs, and SBDs
 - Special assessments
 - Localized property taxes; sales taxes

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#6 – Understand Property Tax Levies

- Know how property tax assessment works (Ch. 137, RSMo.)
 1. Assessor determines market value
 2. Calculate percentage of value to be taxed; *i.e.* assessed value
 - Real property = 19%
 - Personal property = 33.3% (some exceptions)
 3. Apply tax levy to the assessed value
- Interaction with the Hancock Amendment
 - When assessed values change, a city may not receive a revenue windfall or a shortfall
 - Ex: If property values decrease, assessment rates may decrease
 - However, if values decrease, rates may increase up to a certain max

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#5 – Make a Finance Calendar!

- Bonds:
 - Must be repaid within 20 years
 - Your bond may succeed or fail depending on when it is placed on the ballot
- TIFs: Tax redirection can freeze rates for up to 23 years
- Sales Taxes:
 - Duration of ballot authorization
 - Approval required to renew

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#4 – Tax Authorizations

Type of Sales Tax Authorized	Statutory Authority (RSMo)
Capital Improvements (Any municipality except those located in St. Louis County)	Section 94.577
Capital Improvements (Any municipality located in St. Louis County)	Section 94.890
Capital Improvements (Springfield)	Section 94.578
Community Center	Section 94.565
Community Services for Children (St. Louis City)	Section 67.1275
Convention and Tourism (Kansas City)	Section 93.137
Economic Development (Jefferson City)	Section 94.1010
Economic Development (Kirksville)	Section 94.1008
Economic Development, Local Option	Section 67.1305
Economic Development (Municipalities within many, but not all counties – see statute)	Section 67.1300
Economic Development, Local (St. Joseph, Springfield, Joplin and cities within the counties of Jasper and Butler)	Section 67.1303
Fire Protection	Section 321.242
General Purpose	Section 94.510
General Purpose (Any municipality in St. Louis County)	Section 94.510
Hotel and Motels (St. Louis City Regional Convention and Visitors Commission)	Section 67.619
Hotels and Motels – Transient Guest	Section 67.1000.1
Hotels and Motels – Transient Guest	Section 67.1003
Hotels and Motels – Transient Guest (Jefferson City)	Section 67.1000.4
Hotels and Motels – Transient Guest (Marshall)	Section 67.1015

- State law restricts sales taxes for specific purposes
 - Ex: Capital Improvements Sales Tax (94.575 et seq., RSMo.)
 - 94.575(2) RSMo. "Capital Improvements" – any capital or fixed asset having an estimated economic useful life of at least two years
- *Maintaining institutional knowledge!*

Graphic per Gilmore & Bell, PC, *Missouri Municipal Finance Guide* (April 2012)

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#3 – Finance is Your Partner

- All departments should maintain a good relationship with Finance
 - Docket Memos
 - Fiscal Notes
 - Budget Analysis
- Finance can help make your project happen
 - Budget management
 - Funding sources

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#2 – Tammy Says: Finance is the Center of the Universe

- Every project, large or small, should go through Finance
 - Ordinances
 - Docket Memos
 - Fiscal Notes
 - Budget Analysis
- Q: What parts of your City need Finance?
- A: All of them
 - Public works – water, electric, trash, infrastructure
 - Public Transportation
 - Convention and Tourism

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#1 – Everything is Financial (even if it doesn't seem like it)

- Every development, every event, every ordinance
- The earlier Finance becomes involved, the more likely you are to succeed
 - On time, on budget
 - Finance can help identify foreseeable obstacles and offer solutions
- When in doubt, ask your Finance Director!

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