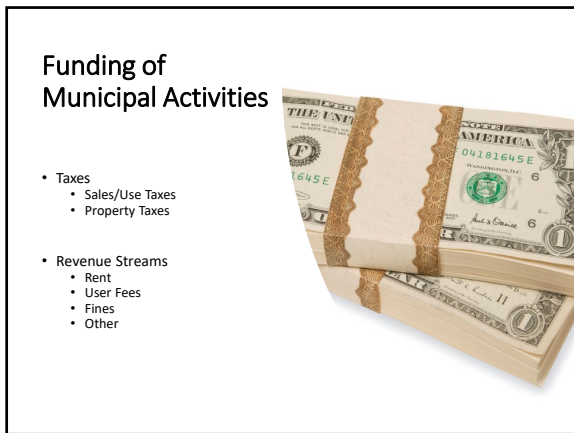
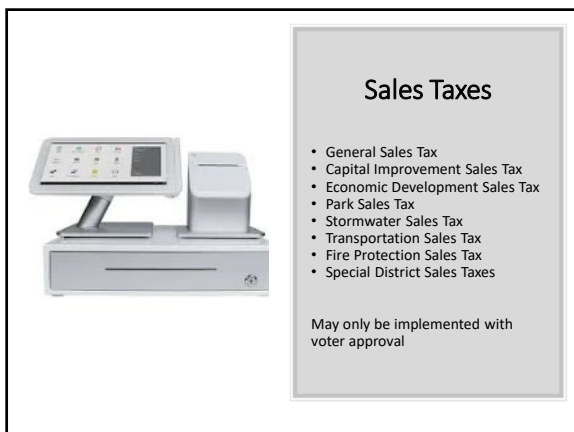




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Sales Tax as a Financing Tool

- PAY AS YOU GO
- TAX ANTICIPATION NOTE
- LEASE FINANCING
- SALES TAX SUPPORTED BONDS

3



Sales Tax Pro/Con

Pro

- Not just paid by residents
- Multiple financing options
- Dedicated source of revenue

Con


- Can be regressive in application
- Require voter approval
- Dedicated use of revenue



4

Use Taxes

- Tax on consumption, use or storage of personal property
- Not applicable if personal property:
 - Purchased from Missouri retailer
 - Subject to Missouri sales tax
- Out-of-state retailers who do not have a physical presence in the State of Missouri are now required to remit the state and local use tax
- Online retailers must collect state and local use taxes from transaction they facilitate (taking orders, but not filing order) for other retailers (such as Amazon marketplace).



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Use Tax Pro/Con

Pro

- Reduce erosion of tax base
- Creates complete taxation regime
- Fairness to bricks & mortar shops

Con

- Not easily understood by the public or vendors



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Property Taxes

- General
- Library
- Park
- Recreation
- Hospital/Museum
- Debt Service

7

Concerns with Taxes

-  Proceeds used for a specific purpose
-  Hancock Amendment
-  Tax vs. Fee Decisions


8

Tax or Fee?

When is payment made?	Who makes the payment?
Is government providing good or service?	Is amount of payment determined by level of good or service provided?
Has good or service historically been provided by the government?	

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Miscellaneous Revenues



- Traffic Fines and Fees
 - "Macks Creek Law" (\$479.359 RSMo)
- Court Costs
- Donations
- Forfeiture
- Sale of Property
- Investment Income

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What Can Be Financed With Municipal Bonds?




#BUILT *by* BONDS

11


What is a Municipal Bond?

- Municipal bonds are issued by a state or local government to finance capital infrastructure
- An I.O.U. - promise to repay the face value of the bond (i.e., the principal) plus interest over a period of time
- Interest rate can be fixed or variable
 - Rates are subject to statutory limits
- Payments dates can vary
 - annual, semi-annual, quarterly, etc.
- Source of funds for repayment depends on the type of bond



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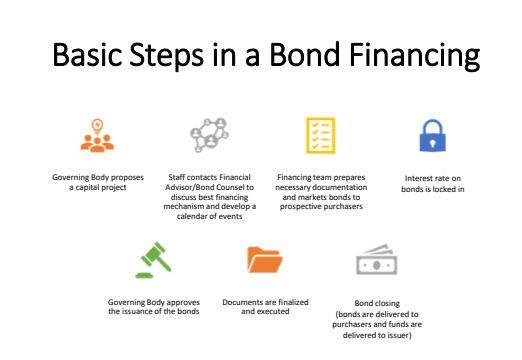
WHO'S ON THE FINANCING TEAM?



- GOVERNMENTAL ENTITY
- BOND COUNSEL
- FINANCIAL ADVISOR
- PURCHASER OR UNDERWRITER
- PAYING AGENT OR TRUSTEE BANK

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Basic Steps in a Bond Financing




- Governing Body proposes a capital project
- Staff contacts Financial Advisor/Bond Counsel to discuss best financing mechanism and develop a calendar of events
- Financing team prepares necessary documentation and markets bonds to prospective purchasers
- Interest rate on bonds is locked in
- Governing Body approves the issuance of the bonds
- Documents are finalized and executed
- Bond closing (bonds are delivered to purchasers and funds are delivered to issuer)

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What's in a name? That which we call a rose by any other name would smell as sweet.


William Shakespeare




TYPES OF MUNICIPAL BONDS

- General Obligation Bonds
- Utility Revenue Bonds
- Lease Purchase Financings

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General Obligation Bonds

VOTE 

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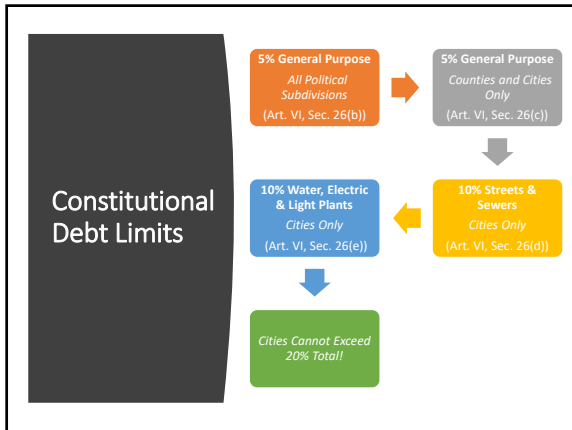
Security for General Obligation Bonds

Full Faith and Credit and Taxing Power



- Authorizes entity to levy annual property tax (*in any rate or amount*) to repay the bonds
- May use other revenue sources (such as sales tax revenues) to pay debt service on the bonds
- A court can require an increase in property taxes if needed to repay the bonds

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“SUPER-MAJORITY” VOTER APPROVAL REQUIRED FOR GENERAL OBLIGATION BONDS


- 4/7th Majority (57.1%) at General Municipal, Primary and General Elections
 - April each year
 - August and November even-numbered years
- 2/3rd Majority (66.6%) for All Other Elections

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General Obligation Bonds


Advantages

- Highest security and lowest risk to investors
 - Often results in lowest interest rate for financing project
- Less complex structure so lower closing costs
- Creates a new source of funds to repay the bonds
 - Debt service property tax levy



Disadvantages

- 20-year maturity limit
- Voter authorization required may delay financing
- Amount of bonds limited by the Constitution
- Required to be registered with Auditor’s Office



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Security for Utility Revenue Bonds

- Pledge of revenue generated from facility being financed
- Authorizes the governing body to fix, establish, maintain and collect rates and charges for the services provided by the system to repay the bonds
- May use other revenue sources (such as sales tax revenues) to pay debt service on the bonds

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"SIMPLE-MAJORITY" VOTER APPROVAL REQUIRED FOR UTILITY REVENUE BONDS

NO YES YES

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Additional Bond Covenants

- Rate Covenant
- Debt Service Reserve Fund
(moneys provide additional security)
- Depreciation & Replacement Fund
(moneys for emergency repairs)
- Parity Bonds

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Utility Revenue Bonds

Advantages

- Only a simple majority vote required
- System revenues pledged to repayment of bonds
 - Results in a lower interest rate
- No constitutional limitations on amount
 - Revenue bonds do not reduce issuance of G.O. bonds

Disadvantages

- 35-year maturity limit (with some exceptions)
- Voter authorization required - may delay financing
- Pledge of system revenues may require rate increases
 - Limits amount of revenue bonds that can be issued
- Parity test may limit ability to issue additional bonds

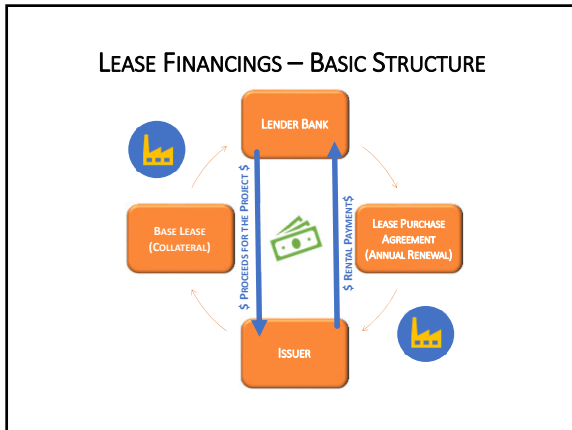



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LEASE FINANCINGS

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Security for Lease Financings

- Payable from all legally available funds
- Collateral is the financed property
- Lease is subject to renewal each year
 - Rent Payments subject to annual appropriation
 - No obligation to make rental payments beyond current lease term
- No pledge of revenues
- Collateral subject to forfeiture in event of default or non-appropriation

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Lease Financings

Advantages

- No voter approval required
- No maturity limit
- No constitutional limitations on amount
 - Leases do not reduce ability to issue G.O. bonds

Disadvantages

- No new source of funds to repay the obligation
- Rent payments subject to annual appropriation
 - interest rate typically higher than other bonds
- "Essential facility" may be required as collateral
 - Reduces the risk to investors of non-appropriation
- Complex structure results in higher closing costs
- Reserve Fund may be required

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	G.O. Bonds	Sales Tax Revenue Bonds	Other Revenue Bonds	Lease-Purchase (Direct)	Lease-Purchase (GPPs)
Voter Approval	Super Majority	Super Majority	Simple Majority	None ¹⁾	None ²⁾
Debt Limit Applies	Yes	Yes	No	No	No
Interest Rates	Lowest	Lower than other revenue bonds	Lower than lease-purchase	Generally Higher	Generally lower than direct lease-purchase
Maximum Maturity	20 years	20 years	Varies – 35 years is common	Usually no limit other than federal tax law	Usually no limit other than federal tax law
Closing Costs	Lower	Lower	Usually higher than G.O. Bonds or Sales Tax Rev Bonds	Equipment-only: Lower (compares to G.O. Bonds); Real Property: Higher	Higher than others

FINANCING TOOL COMPARISON

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Miscellaneous Financing Options

- Sales Tax Revenue Bonds
- Tax Anticipation Note
- Community Improvement Dist.
- Transportation Development Dist.
- Neighborhood Improvement Dist.
- Sales Tax Rebate
- Property Tax Abatement
- Economic Development Incentives



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Election Issues



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ELECTION DATES AND FILING DEADLINES 2023 AND 2024

2023 Election Calendar	
Deadline for Notice to Election Authority (Tuesdays)	Election Days (Tuesdays)
November 29, 2022	February 7, 2023
January 24, 2023	April 4, 2023 ⁽¹⁾
May 19, 2023	August 8, 2023
August 29, 2023	November 7, 2023

⁽¹⁾ General obligation bond elections held on April 4, 2023 (general municipal election day) require a four-sevenths majority (instead of the two-thirds majority required for all other election dates).

2024 Election Calendar	
Deadline for Notice to Election Authority (Tuesdays)	Election Days (Tuesdays)
November 28, 2023	February 6, 2024
January 23, 2024	April 2, 2024 ⁽¹⁾
May 28, 2024	August 6, 2024 ⁽¹⁾
August 27, 2024	November 5, 2024 ⁽¹⁾

⁽¹⁾ General obligation elections held on the following election days require a four-sevenths majority (instead of the two-thirds majority required for all other election dates):

- April 2 (general municipal election day)
- August 6 (primary election day)
- November 5 (general election day)

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BALLOT ISSUES

- Follow Statutory Form of the Question
- No Dual Propositions (Log-Rolling)
- Ballot Errors
 - Numbers vs. Words Source of Pledge
 - Purpose is Unclear/Too Restrictive
- Electioneering

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OTHER ELECTION ISSUES

No Use of Public Funds

- No contribution or expenditure of public funds shall be made directly by any officer, employee or agent of any political subdivision to advocate, support, or oppose any ballot measure...
- (Section 115.646 RSMo.)

Election Contest Period

- 30 days unless evidence of fraud
- (Section 115.557 RSMo.)

Staleness of Voted Authority

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