

City of Ladue

Proposition L

Why Prop L and Why Now?

November 2, 2021, Election Day



What is Proposition L?

Prop L is a ballot initiative asking voters to approve a property tax increase of \$0.30 per \$100 of assessed value (not to be confused with appraised value) for fiscal year 2022 and future years, not to exceed \$1.00 per \$100 of assessed property value. The entire City Council and Finance Committee members, all made up of volunteer Ladue residents, have endorsed this ballot initiative.

What will Prop L fund?

Right now, the City of Ladue offers premium and personalized public services that residents have come to expect. Prop L will fund public safety services including Police, Fire, EMS and Public Works departments, which make up the largest (86%) operating costs in the city's budget.

Why is Prop L needed now?

The city has not had a property tax increase in 17 years. While no one likes to pay higher taxes, including your elected Ladue representatives, we can no longer outrun the rising costs it takes to provide the current levels of public services residents expect from the City of Ladue.

The negative impact of COVID-19 has been serious for the City of Ladue, and for cities, counties and states across our great nation. We have reached a time in our city's history where our current revenues won't sustain the increasing costs of operating a first-class city in the way our residents expect.

Why can't we use COVID funds the city received to pay for what we need?

This is not an option for Ladue or any government entity. Federal COVID funds the city has received due to the pandemic cannot be utilized to offset tax reductions or delay a tax increase, and these funds cannot be deposited in any pension fund. These funds were provided to allow cities to respond to the public health emergency and its negative economic impact to local communities.

How do Ladue taxes compare to surrounding municipalities?

The City of Ladue has one of the lowest property tax rates in the surrounding area, which is not surprising since there hasn't been a property tax increase in 17 years. Also, unlike several other area municipalities, Ladue doesn't have a significant commercial tax base, which generate higher sales taxes for the cities.

How much of my current property tax bill goes to the City of Ladue?

Currently, only 9.23% of your current property tax bill goes to fund city operations and public safety services in the City of Ladue. The primary recipient of property tax dollars goes to fund public education (Ladue schools, community colleges and special school district), which is about 73% of your total property tax bill.

Where do all of my property taxes go now?

Property taxes are allocated to fund public schools, St. Louis County, the Metro Zoo and Museum fund, MSD, and the State of Missouri, among others. Only 9.23% of your current property tax bill goes to fund city operation and public safety services in the City of Ladue.

What will the proposed tax increase cost?

Prop L is a ballot initiative asking voters to approve a property tax increase of \$0.30 for fiscal year 2022 and future years, not to exceed \$1.00 per \$100 of assessed property value. Based on average home prices, for most residents in Ladue, the increase will amount to \$500 per year. For a home valued at one million dollars, the increase proposed would increase property taxes about \$570. The current property tax rate in Ladue is .6060 and the increase will take the tax rate to .9060.

What happens if Prop L isn't passed by the voters?

The City of Ladue will have to make a choice to reduce or eliminate some of the services it provides to residents, such as brush and leaf pick up. Right now, the city has very personalized and premium services that residents have come to expect. The city may have to reduce public safety personnel including police and fire staff, which could potentially affect the health and safety of Ladue residents. With everything done over the years to generate additional funds and decrease expenses, the city has reached the end of the line. It no longer has the necessary financial resources to sustain the quantity or quality of its public services without additional funds to pay for first-class services residents expect.

What has the city done over the years to improve efficiencies and reduce costs?

Over the years, city officials have worked diligently to reduce expenses and increase revenue streams in ways that don't require additional tax burdens on residents. The city has secured grant funding for many projects that have improved the city's infrastructure such as McKnight, Price and Dielmann and Warson Roads sidewalk projects, and it has also engaged in cost-savings initiatives like a consolidated emergency call center with surrounding municipalities to reduce the cost of providing public safety services while still maintaining the high-quality response times and outcomes residents expect.

Can't we outsource some of these services to get cost savings?

The city has actively evaluated outsourcing options and municipal partnerships for potential cost savings and improvements in service delivery quality, such as the IAFF proposal to outsource fire department services that would create a Central Core Fire District. Based upon our evaluation, we believe retaining local control of public safety services in Ladue is delivering higher quality ISO-rated services at a lower cost to residents than we could attain through outsourcing.

As local property values rise, why doesn't that give Ladue the money they need through higher taxes?

As property values rise, it would seem logical that tax collections would rise accordingly. However, that's not how local property taxes work. Missouri's Hancock Amendment limits the amount of property taxes that can be used to support local government or other entities that rely on local taxes such as school districts. The Hancock Amendment controls local tax revenue and tax rates with the consumer price index. So as property rates rise, the local property tax rate decreases to keep the revenue collected consistent with voter tax rate approvals.

When is the election?

Tuesday, November 2, 2021. To pass Prop L, more than 50% of the voters have to approve the initiative.

How can I learn more about Prop L?

For the next several months, the city will work with the community to educate residents on the need for Prop L and the consequences of not passing the initiative. Residents can access information on the city's website, social media outlets, attend community meetings, and talk with your City Council member.