

**Minutes of Meeting
City of Ladue
Finance, Revenue, and Taxation Committee
Tuesday March 5, 2019 8:00 A.M.**

A meeting of the Finance, Revenue, and Taxation Committee for the City of Ladue was held on March 5, 2019 at 8:00 a.m. in the Ladue City Hall Council Chambers. The following members were present:

Chairman Joseph Gazzoli
Ms. Gina Hoagland
Mr. Maurice Quiroga
Mr. Jim Schiele
Mr. Jim Thompson
Mayor Nancy Spewak Ex-Officio

Also present were Council Member John Fox; Council Member Stacey Kamps; Mr. Sam Zes, Finance Director; and Ms. Laura Rider, City Clerk/Assistant to the Mayor. Mr. Joseph Rechter was absent.

The meeting was called to order by Chairman Gazzoli at 8:00 a.m.

Approval of the Agenda:

Ms. Hoagland moved approval and adoption of the agenda; seconded by Mr. Schiele which motion passed unanimously.

Approval of the Minutes:

Mr. Quiroga moved approval of the minutes from the December 5, 2018 meeting, seconded by Ms. Hoagland, which motion passed unanimously.

Public Forum: During the period for public comment none was offered.

Mayor Spewak provided a brief overview of proposed governmental changes.

Mr. Zes began the discussion on potential revenue sources. He outlined six possibilities which all require voter approval:

- Quarter Cent Fire Tax: This sales tax could generate approximately \$270,000 annually and would assist in funding the pension.
- Utility Tax: The utility tax is currently 7% for all utilities with the exception of electric, which is 6.9%. An increase of 0.5% in the gross receipts license tax could generate additional revenue of approximately \$260,000 annually. Other cities in the area have varying rates up to 10%.
- Business License Tax: An increase in this tax could generate approximately \$37,000-\$72,000 annually. A survey of business license fees was completed in June 2018.
- Use Tax: The estimated revenue for the use tax is \$15,000 annually on average and is expected to rise. This amount would fluctuate based on business to business activity with expected increases in future years. The use tax is collected and remitted by the seller on out of state business to business purchase of materials and equipment and on internet

sales over \$2,000 including Amazon.

- Pension Tax: At one time, the City of Ladue had a dedicated pension real estate tax but was discontinued thirty-five years ago. \$1.5 million annually could be generated based on \$0.25 per \$100 assessed value.
- Real Estate Tax: An increase in the property tax rate could potentially generate \$575,000 - \$1.7 million annually. The last increase was in 2004 which increased the tax rate from 0.449 to 0.749. As a result of the Hancock Amendment, the rate has dropped over the years. The rate is currently at 0.6710, lower than it was in 1986 which was 0.6760.

Council Member Fox asked if any of the private entities in Ladue have ever offered a Payment in Lieu of Taxes (PILOT). Mayor Spewak responded currently Litzsinger Ecology Center makes an annual donation, however, this was not requested by the City. Mayor Spewak, Council Member Fox and the committee members felt the possibility of a PILOT should be investigated with the city attorney.

The committee discussed the potential timing of seeking a property tax increase. Mr. Zes reported that future deficits are now projected lower than originally predicted due to higher investment earnings, utility revenues and unexpected payments such as telecommunications taxes and an MSD easement payment. As stated in the City's Fund Balance Policy the reserves are not at the point which would require a tax increase. However, the committee debated the benefits of when to ask the voters to approve a tax increase, since projections clearly reflect the need in the near future. Mayor Spewak, Mr. Zes, and the committee agreed to begin the process of updating the City's revenue and expense projections for the next few years and informing the City Council of the progress and a possible forthcoming recommendation from the committee.

Ms. Hoagland moved adjournment; seconded by Mr. Quiroga, which motion passed unanimously.

The meeting adjourned at 9:10 a.m.

Joseph Gazzoli
Chairman