



Board of Aldermen Request for Action

MEETING DATE: 3/7/2023

DEPARTMENT: Administration

AGENDA ITEM: Bill No. 2980-23 – Maintaining Gross Receipts Tax Payments – 1st and 2nd Reading

REQUESTED BOARD ACTION:

A motion to approve Bill No. 2980-23, maintaining the gross receipts tax for the supplying of natural gas. Emergency Ordinance Sponsored by Mayor Boley - First and second reading by title only.

SUMMARY:

The City currently imposes a gross receipts tax of 5% of total gross receipts on utilities providing service in Smithville. Per state statute, if a utility plans to increase rates by more than 7%, the Missouri Public Service Commission must inform communities of this increase. The City has received communication from the Public Service Commission of their approval of a rate increase for Spire services in excess of 7%.

Upon notification, statute outlines that cities must take action with regard to the gross receipts tax due to the proposed increase in utility rate. The City may maintain the tax rate without reduction in the rate if an ordinance to maintain the tax rate is enacted. The attached ordinance retains the rate at 5%.

PREVIOUS ACTION:

N/A

POLICY ISSUE:

FINANCIAL CONSIDERATIONS:

Retaining the 5% gross receipts tax retains general fund resources.

ATTACHMENTS:

- ☒ Ordinance
- ☐ Resolution
- ☐ Staff Report
- ☐ Other:

- ☐ Contract
- ☐ Plans
- ☐ Minutes

BILL NO. 2980-23

ORDINANCE NO. 317X-23

AN ORDINANCE MAINTAINING GROSS RECEIPTS TAX/PAYMENT OF LICENSE FEES UNDER SECTION 735.010 OF THE CITY ORDINANCES

Whereas, the City has a Gross Receipts Tax for the supplying of gas and other utilities equal to five (5%) of the gross receipts derived by the utility from the sale of such gas and other utilities services; and

Whereas, pursuant to R.S.Mo. Section 393.275.1, the City has received notice of a gas rate increase authorized by the Public Service Commission in an amount in excess of seven (7%) percent; and

Whereas, that the effective date of the gas rate increase is January 18, 2023; and

Whereas, pursuant to R.S.Mo. 393.275.2, upon receipt of the notice, the City is to take action with regard to the City's gross receipts tax due to the increase of the gas tax rate; and

Whereas, that pursuant to R.S.Mo. 393.752.2, " a City... may maintain the tax rate of its business license tax on the gross receipts of utility corporations without reduction if an ordinance to maintain the tax rate is enacted by the governing body of the City..."; and

Whereas, the City wants to maintain the tax rate at the current five (5%) rate as it has for many years.

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF ALDERMEN OF THE CITY OF SMITHVILLE, MISSOURI AS FOLLOWS: THE GROSS RECEIPTS TAX/LICENSE FEE SET FORTH IN CITY ORDINANCE 735.010 SHALL BE MAINTAINED AT THE RATE OF FIVE (5%) PERCENT AND THEREFORE SECTION 735.010 SHALL CONTINUE TO READ AS FOLLOWS:

Section 735.010 License Tax.

Every gas company and every corporation, company, association, joint-stock company or association, partnership and person, their lessees, trustees or receivers appointed by any court whatsoever, owning, operating, managing, leasing or controlling a gas plant or system for the manufacture, distribution, sale or furnishing of gas, natural or manufactured, for light, heat, refrigeration or power, shall, in addition to all other taxes, payments or requirements now or hereafter required by law or City ordinance, pay to the City as a license fee a sum equal to five percent (5%) of the licensee's gross receipts from the sale of gas sold for domestic or commercial purposes within the limits

of the City under the licensee's applicable "General Service" rate schedule on file with and approved by the Public Service Commission of Missouri. The licensee shall, not later than February 1 and August 1 respectively of each year, make a report to the Governing Body of the City of its said gross receipts for the six (6) months' period ending at the last meter reading preceding December 31 and June 30 respectively, and at the time of making such reports shall pay into the City Treasury the aforesaid license fee based upon the gross receipts so reported. The acceptance of such fees shall not prejudice the right of the City to collect any additional fee thereafter found to be due. In the event that licensee shall pay a sum greater than is due upon its gross receipts for any period by reason of its inability to determine accurately the amount properly due, licensee shall be entitled, following a determination of the overpayment, to deduct such overpayment and receive a credit therefor against the amount of license fee due for the next succeeding period or periods following the determination of the overpayment. The City, by its duly authorized representatives, shall have the right at all reasonable times during business hours to make such examinations and inspections of the books of such licensee as may be necessary to determine the correctness of such reports. The City shall have the right, at its own expense, to employ the same accountants who make the annual audit of the books, records, and accounts of the business of the licensee, to audit, at the same time, the licensee's accounts and records and certify as to the correctness of any payments due and payable by the licensee to the City.

PASSED AND ADOPTED by the Board of Aldermen and **APPROVED** by the Mayor of the City of Smithville, Missouri, the 7th of March 2023.

DAMIEN BOLEY, MAYOR

ATTEST:

LINDA DRUMMOND, CITY CLERK

First reading: 03/07/2023

Second reading: 03/07/2023