

City, county, R-II, Northwest need tax income
Tuesday, Sept. 9, 2014

Friends: We collectively wanted to write and simply state the facts regarding the upcoming legislative veto session. No matter the side of the fence on which you sit or how you feel about education and services, please know a veto override will include significant costs to our community and those we all serve.

As you know, the Missouri Legislature passed several tax exemptions on May 1. Gov. Jay Nixon vetoed these tax exemptions as well as withheld potential funding increases for both K-12 and higher education. There is dispute on the reasoning for and projected ultimate impact of the tax exemptions and the subsequent vetoes and withholds – but this much is clear: these have wide-ranging impacts.

The City of Maryville, like most other communities and other taxing entities are dependent on the sales tax rate as a source of revenue to continue providing critical services to local taxpayers. The city stands to lose potentially up to \$512,928 annually in reduced revenues. Again, while disputes are in play relative to projected impacts – including positive gains from taxpayer investments after tax cuts – any reduction to sales tax revenue for local government will lead to the reduction of services or alternative financing sources.

For most cities and counties, sales taxes make up 25-55% of revenue in the General Fund. In Maryville, the sales tax revenue represents 35% of the General Fund, which is responsible for providing all public safety services in the community. The General Fund also supports city management, finance, the city clerks office, public works administration, street maintenance and transformative projects such as the Fourth Street Improvement Project. The Fourth Street Improvement Project is a six-block corridor revitalization between downtown and the Northwest Missouri State University campus that would not be possible without local and strong fiscal management of revenues.

By approving the exemptions, the state legislature has effectively exerted management over the budgets of local governments in Missouri. These actions reduce the tax base of virtually every community in Missouri and place at risk, initiatives approved by local voters. For Maryville, these include, for example, the operation and maintenance of Mazingo Lake Recreation Park, capital improvement and infrastructure needs, timely repayment of bonds issued for large infrastructure and facility needs as well as Maryville Parks & Recreation operations and programming.

Sales tax exemptions also threaten Nodaway County revenues supporting a variety of county services, roadway maintenance and basic safety needs – to the tune of an estimated \$425,847. Many counties are required to adjust their property tax levy based on actual sales tax revenue. If sales tax revenue increases, the authorized tax levy decreases and if sales tax revenue decreases, the authorized property tax levy increases. Thus, an unintended consequence of tax exemptions will be an increase in property taxes for all taxpayers.

The Nodaway County Ambulance District is financed through a half-cent local sales tax that was highly supported by voters in our community. This exemption is estimated to cost

\$141,949 annually. The further erosion of this revenue will ultimately affect community health and safety for all of Nodaway County.

The vetoes and potential override have an impact on Maryville R-II as well – a projected \$142,000. The school district receives approximately 16% of its total revenues from state sources. This percentage is decreasing slightly each year and covers operations class sizes, facility needs and the like.

For Northwest Missouri State University, a veto override will mean a direct impact of \$1.5 million in budget reduction. Given the state is already one of the lowest in the nation in per capita funding and state funding as a percent of budget has reduced dramatically over the last two plus decades, another \$1.5 million reduction cannot be looked upon lightly or explained away easily as it cuts across programming and operations, facilities and offerings. We note that the \$1.5 million comes from performance funding the state legislature has passed and Northwest Missouri State is one of only four universities to earn its complete funding two consecutive years based on performance.

All told, your local entities – the City of Maryville, Nodaway County, the Nodaway County Ambulance District, Maryville R-II School District and Northwest Missouri State University – all stand a great deal to lose in the upcoming veto session – as do those we serve.

\$512,928. \$425,847. \$141,949. \$142,000. \$1.5 million. Real numbers, real life impacts. Please know the upcoming veto session requires our attentiveness and voice.

Respectfully,

Greg McDanel, Maryville City Manager

Robert Schieber, Bob Stiens, Bob Westfall; Nodaway County Commissioners

Larry Linthacum, Maryville R-II Superintendent

John Jasinski, President, Northwest Missouri State University