

327-75 Defining payment in-lieu-of-taxes.

Councilman Barnes introduced the resolution and moved for its adoption. Bill was read and council and public comments were called for. Mr. Novak stated this resolution would redefine in-lieu-of-taxes payment to include only the 7% gross receipt tax and the simulated local property taxes. We are not going to charge simulated state and federal income tax. Mr. Hanson asked Mr. Roper if there was any legal difficulty in using the gross receipts tax on the public utility. Mr. Roper stated the charter gave the council the power to set the gross receipts tax and in-lieu-of-taxes. This is a statement of how the Council intends to proceed this year. A Circuit Court decision in the 1960's stated that the Council has this right. The gross receipts is not a tax itself, it is a part of the rate structure. Mr. Hanson stated he was afraid that separating the gross receipt tax on the bill may cause some problems with organizations that do not usually pay taxes. Mr. Wilson asked if the charter sets the maximum amount which can be charged in-lieu-of-taxes. Mr. Roper answered that all the taxes owed would be the maximum amount that they would have to pay. You do not have to charge anything. There were no further comments and vote was taken on the resolution with Councilmen Lindstrom, Hanson, Proctor, Frueh, Wilson, Pugh and Barnes voting "Yes". Resolution adopted, reading as follows:

A RESOLUTION

declaring that an amount substantially equivalent to the sum which would be paid by the City Water and Light Department as gross receipts and county and city real estate taxes shall be included in the water and electric charges of the City Water and Light Department.

WHEREAS, Section 102 of the City Charter provides that the City Council shall from time to time establish water and electric rates to include an amount sufficient "to pay into the general revenue fund of the City annually an amount substantially equivalent to that sum which would be paid in taxes if the water and electric light works were privately owned"; and

WHEREAS, the City Council is considering new water and electric rates in conjunction with a consideration of general fund revenues available for the 1975-76 City Budget; and

WHEREAS, the City is desirous of establishing the approximate amount which will be withdrawn from the water and light utility for payment into the general revenue fund in lieu of taxes which would be paid if the water and electric light works were privately owned.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF COLUMBIA, MISSOURI, AS FOLLOWS:

SECTION 1. That for purposes of the 1975-76 City Budget the water and electric charges of the City Water and Light Department will include an amount sufficient to pay into the general revenue fund of the City annually an amount substantially equivalent to that sum which would be paid by the utility as gross receipts taxes and county and city real estate taxes (computed on the book value of the fixed assets of the water and light utility), if the water and electric light works were privately owned.

SECTION 2. That the water and electric rate will be fixed to include an amount substantially equivalent to the real estate taxes that the utility, if privately owned, would pay to the city, county, school district, state and/or any other taxing authority which levies a real estate tax.

SECTION 3. That an amount will be added on utility bills, as provided in Section 15.645 of the Revised Ordinances of the City of Columbia, to produce an amount substantially equivalent to the gross receipts tax which would be paid by the utility if it were privately owned.

Adopted this 18th day of August, 1975.

ATTEST:

/s/ Glenn Wood
City Clerk

/s/ Robert K. Pugh
Mayor and Presiding Officer