

CITY OF
FRONTENAC



Kate Hatfield
Mayor

Jaysen Christensen
City Administrator

To: Mayor and Board of Alderpersons
From: Jaysen Christensen, City Administrator
Date: March 8, 2023
Subject: March 14 , 2023 Special BOA Meeting

A special Board of Aldermen meeting is scheduled to be held virtually at 6:00 p.m. on Tuesday for the Board to consider Bill No. 2023-2056 - An ordinance reaffirming the gross receipts tax to be imposed upon utility corporations providing services to non-domestic consumers within the City of Frontenac, Missouri, and amending Section 610.045 of the Frontenac City Code relating to the same.

The Missouri Public Service Commission (PSC) recently granted a tariff increase of 10.05 percent to Spire Missouri. Per state statute, tariff increases in excess of seven percent trigger certain requirements to either roll back the rate of gross receipts taxes imposed by cities on utilities or to pass an ordinance maintaining the existing rates within 60 days of the effective date of the tariff increase, which would be March 18, 2023.

Kevin notes that that under Section 610.045 of the city code that the city will maintain its rate of utility tax in accord with Section 393.275.2 despite PSC rate increases. However, the last line of that code provision states "regardless of the recent tariff actions of the Missouri Public Service Commission with respect to AmerenUE rates for service." He is concerned that the stated limitation to the electric rate increase in that last sentence of the code provision may mean that it is not applicable to the Spire natural gas tariff increase and strongly recommends that if the City wants to maintain its rate of tax and get the benefit of the projected increase in annual revenue, it would be prudent for the Board of Aldermen to amend Section 610.045 to more broadly state the public policy of maintaining its tax rate in the face of PSC tariff decisions and eliminate the language restricting the policy to Ameren rates.

Kevin also notes that Bill No. 2023-2056 would explicitly state that we invoke the authority under the referenced statute to specifically decline a rollback with regard to this Spire increase.

Spire estimates that Frontenac would receive approximately \$4,500 annually if the City maintains its existing rate. It is recommended that the Board adopt Bill No. 2023-2056 in order to maintain the City's existing gross receipts utility tax rates.