

AN ORDINANCE TO MAINTAIN THE BUSINESS LICENSE TAX RATE ON GROSS RECEIPTS OF UTILITY CORPORATIONS NOTWITHSTANDING THE RATE INCREASES APPROVED BY THE MISSOURI PUBLIC SERVICE COMMISSION.

WHEREAS, on October 22, 2015, the Public Service Commission of the State of Missouri delivered notice to the City of Gladstone of a rate increase greater than seven percent for Kansas City Power & Light applicable to customers in the City; and

WHEREAS, Section 393.275 RSMo., requires the City of Gladstone to reduce its business license tax rate on gross receipts applicable to utility corporations to the extent necessary so that revenue for the ensuing twelve months will be approximately equal to the revenue received during the preceding twelve months unless an ordinance is adopted to maintain the tax rate without reduction; and

WHEREAS, the City Council desires to maintain the rate of its business license tax on gross receipts applicable to utility corporations.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF GLADSTONE, MISSOURI AS FOLLOWS:

Section 1. That pursuant to Section 393.275 RSMo., and any and all other applicable authority, the City of Gladstone shall maintain the rate of its business license tax on the gross receipts of utility corporations without reduction, notwithstanding any rate increases of such corporations or any notice thereof including, but not limited to, notice sent as required by law.

Section 2. That this Ordinance shall be in full force and effect from and after the date of its passage and approval.

Section 3. That all ordinances or parts of ordinances in conflict with this Ordinance are hereby repealed.

INTRODUCED, PASSED, SIGNED, AND MADE EFFECTIVE BY THE CITY COUNCIL OF THE CITY OF GLADSTONE, MISSOURI, ON THIS 23rd DAY OF NOVEMBER, 2015.



Mayor Bill Garnos

ATTEST:



Ruth E. Bocchino, City Clerk


First Reading: November 23, 2015

Second Reading: November 23, 2015



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November 18, 2015

TO: Kirk Davis, City Manager
FROM: Chris Williams, Interim City Counselor 
RE: KCPL Rate Increase over 7% Triggering Section 393.275 RSMo. Provisions

The Missouri Public Service Commission (PSC) recently approved a rate increase for KCPL of 11.76% effective September 29, 2015. Pursuant to Section 393.275 RSMo., if a rate increase is greater than 7%, the PSC is required to notify the cities and counties imposing a gross receipts tax on utilities that are affected by this rate increase. The City of Gladstone imposes a gross receipts tax on utilities and recently received the required notice dated October 22, 2015, from the PSC. As provided by Section 393.275, the City is required to reduce its tax rate on gross receipts applicable to KCPL within 60 days of the effective date of the rate increase so that gross receipts tax revenue for the next 12 months will be approximately equal to the revenue received during the preceding 12 months. However, the statute further provides that the City may maintain its gross receipts tax rate without a reduction if an ordinance to maintain the tax rate is adopted within the 60 day period.

This issue last arose in 2013 when a 9.64% rate increase by KCPL triggered action by the City. At that time, the City adopted an ordinance to maintain its gross receipts tax rate applicable to KCPL. Staff recommends that the City Council take similar action once again in response to the 11.76% rate increase and adopt the attached ordinance maintaining the City's gross receipts tax rate applicable to KCPL.

Please let me know if you have questions or need any additional information.