

**AN ORDINANCE AUTHORIZING THE CITY MANAGER TO ENTER INTO AN INTERGOVERNMENTAL AGREEMENT WITH CLAY COUNTY FOR THE COLLECTION OF PROPERTY TAX.**

**WHEREAS**, the City of Gladstone is a City of the third class and a political subdivision of the State of Missouri, organized and existing under the Constitution and laws of the state; and

**WHEREAS**, Clay County is a first class county and a political subdivision in the State of Missouri; and

**WHEREAS**, property taxes of various taxing authorities are collected and disbursed by the Office of Clay County Collector; and

**WHEREAS**, the City of Gladstone, Missouri, would benefit from the collection of property taxes of the City by the County Collector; and

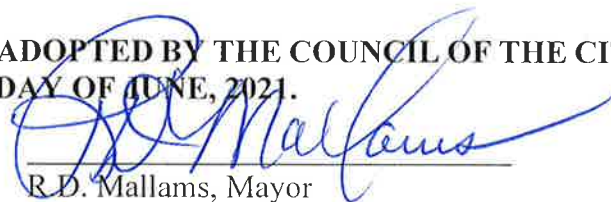
**WHEREAS**, there are mutual benefits, obligations, and risks applicable to all parties when City taxes are collected on County tax bills, and thus negotiation of all rights and obligations affecting the collection of any money pertaining to a City or its programs on County tax bills is negotiable and subject to a bargained-for exchange; and

**WHEREAS**, this agreement shall serve as legal and proper notice that the Office of Clay County Collector hereby cancels any current contracts or agreements with the above referenced city, pertaining to the collection of City taxes on County tax bills, and seeks to replace such current contracts or agreements with this agreement in time to have City taxes appear on County tax bills in December 2021.

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

**Section 1.** The City Council of the City of Gladstone hereby authorizes the City to enter into an agreement with Clay County for collection of property tax and additional assessed fees (see Exhibit A).

**INTRODUCED, READ, PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF GLADSTONE, MISSOURI THIS 14<sup>TH</sup> DAY OF JUNE, 2021.**

  
R.D. Mallams, Mayor

ATTEST:

  
Ruth Bocchino, City Clerk

1<sup>st</sup> Reading: June 14, 2021

2<sup>nd</sup> Reading: June 14, 2021



## *Request for Council Action*

RES  # City Clerk Only

BILL  # 21-19

ORD # 4.557

Date: 6/9/2021

Department: Finance

Meeting Date Requested: 6/14/2021

Public Hearing: Yes  Date: [Click here to enter a date.](#)

Subject: Property Tax Collection

Background: The City of Gladstone entered into an agreement with Clay County to collect property taxes from residents and businesses in 2012. The County's charge for collection was 1.6% of total taxes collected. Since the County has been collecting taxes, collections have improved significantly. The proposed rate for tax collection is 2%. At a rate of 1.6%, Clay County would receive \$56,000 based on \$3.5 million in property tax revenue. The amount would increase to \$70,000 per year at 2%.

Budget Discussion: Funds are budgeted in the amount of \$ 61,000 from the General Fund. Ongoing costs are estimated to be \$ 70,000 annually. Previous years' funding was \$61,000

Public/Board/Staff Input: See resolution

Provide Original Contracts, Leases, Agreements, etc. to: City Clerk and Vendor

Dominic Accurso  
Department Director/Administrator

JM  
City Attorney

SW  
City Manager

**AGREEMENT FOR COLLECTION OF  
CITY OF GLADSTONE, MISSOURI  
PROPERTY TAXES  
BEGINNING WITH THE TAX YEAR 2021, PERPETUAL**

**WHEREAS**, Clay County is a first class county and a political subdivision in the State of Missouri; and

**WHEREAS**, the City of Gladstone, Missouri, is a city located, in whole or in part, within the boundaries of Clay County; and

**WHEREAS**, property taxes of various taxing authorities are collected and disbursed by the Office of Clay County Collector; and

**WHEREAS**, the City of Gladstone, Missouri, would benefit from the collection of property taxes of the City by the County Collector; and

**WHEREAS**, there are mutual benefits, obligations, and risks applicable to all parties when City taxes are collected on County tax bills, and thus negotiation of all rights and obligations affecting the collection of any money pertaining to a City or its programs on County tax bills is negotiable and subject to a bargained-for exchange; and

**WHEREAS**, this agreement shall serve as legal and proper notice that the Office of Clay County Collector hereby cancels any current contracts or agreements with the above referenced city, pertaining to the collection of City taxes on County tax bills, and seeks to replace such current contracts or agreements with this agreement in time to have City taxes appear on County tax bills in December 2021.

**BE IT THEREFORE RESOLVED** that this agreement be and is hereby entered into this fourteenth day of June, 2021, by and between the current duly elected or appointed Clay County Collector, hereinafter "Collector"; the County of Clay, Missouri, hereinafter "County"; and the City of Gladstone, Missouri, hereinafter "City" as follows:

**PURPOSE:** This contract is for the purpose of the collection of City real and personal ad valorem property taxes by the County Collector, and disbursement of those funds to City.

**AUTHORITY:** This contract is authorized by Section 52.320 R.S.Mo. and is voluntarily entered into by the governing body of the County, the City, and the duly elected or appointed County Collector.

**TERM OF AGREEMENT AND CANCELLATION:** The agreement shall be in effect from execution of this agreement for taxes to be collected for the tax year 2021, due December 31, including all past due taxes or other amounts attributable to the City currently appearing in the tax records of the Clay County Collector. Unless breached or cancelled by any party, this agreement shall perpetually renew without need for any action or agreement of any party thereto so long as the statutes, ordinances, resolutions, and regulations pertaining to such collections remain materially consistent. Any party to this

agreement may cancel this agreement, applicable to subsequent tax years only, by giving written notice of cancellation to all other parties to the agreement on or before July 1 of any tax year. Beginning with the 2023 tax year, the office of Clay County Collector shall no longer be a separate entity, and all rights and obligations individually pertaining to the current duly elected Collector shall merge with the rights and obligations of the County itself, without need for renegotiation of this agreement. No cancellation will be effective for any line item, charge, assessment, fee, or tax existing in the tax records of the Clay County Collector at the time of cancellation.

**AUTOMATIC RENEWAL:** This agreement shall renew automatically and perpetually unless cancelled by any of the three parties (either party beginning in 2023) on or before July 1 of a tax year. Any such cancellation shall not be retroactive, and all amounts certified by the City to the Clay County Collector for tax years prior to the cancellation year shall remain collectible and enforceable on the Clay County tax bills until abated or compromised by operation of laws applicable to county taxes.

**SCOPE:** This contract applies to the collection of ad valorem property taxes related to Clay County properties, residents, and businesses only. Said taxes are commonly referred to as real estate taxes, personal property taxes, and business personal property taxes. Unless specifically described in Exhibit A, (check if attached X) no fines, fees, license fees, special assessments, or new categories of taxes will be accepted for collection. Nothing in this paragraph shall prevent City from using other methods to collect delinquent fees, assessments, or other items that could be included on property tax bills, provided however, the Collector shall be the exclusive collector of all amounts and categories of billing certified to the Collector for each tax year in which this agreement applies, and for three years thereafter. Because this agreement effectively cancels and replaces any pre-existing contract for collections of city taxes, the following tax bill line items, included on 2020 county tax bills, will be maintained on county tax bills until paid, abated, or compromised by operation of laws applicable to county taxes, using as a base amount the amount certified to the Collector in 2020, without any addition or modification by the City, for a period of three years. All such tax bill line items, listed below, will then be returned to the City for collection, effective January 1, 2024:

**REPRESENTATIONS OF CITY:** Notwithstanding any City ordinance or resolution,

- a. Cities wanting their taxes to be collected by the Collector shall certify their annual levy to the County Clerk on or before October 1 of each year. Failure to certify a levy to the Clerk by this date shall be considered breach of this contract.
- b. Cities wanting their taxes to be collected by the Collector shall notify the County Assessor of the boundaries and legal description of any special benefit district, community improvement district, tax increment financing district, or other special property tax district on or before August 1 of each year, using a form promulgated by the County Assessor. All such notifications shall include a precise list of county tax parcels affected by the special district, and no district boundaries that do not precisely coincide with a county tax parcel shall be collectible on county tax bills. For each such district, the City shall annually pay a fee to the County Assessor of 1% of the total tax revenue affected by the establishment of the district, not to exceed \$1,500. This fee shall be due and payable every month as tax revenue is collected, but shall be deducted from the monthly distribution of taxes to the City one time, on February 15 of each year. A separate receipt detailing such deductions shall be provided to the City when such a deduction is made.

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- c. The City will designate a single account into which tax disbursements will be deposited electronically by the Collector. City will provide such other information and coordination as may reasonably be requested.
- d. City agrees to require a paid business personal property tax receipt before renewing business permits or licenses where applicable.
- e. For each category of special assessment noted on Exhibit A, the City agrees to certify to the Collector the principal amount ONLY of each assessment. If the City has engaged in collection efforts on its own prior to certifying the assessment to the Collector, any interest, penalty, or fee charged by the City, over and above the principal amount of the assessment, shall be removed from the amount given to the Collector at certification. Furthermore, only assessments for which the activity giving rise to the assessment occurred within 3 years prior to December 31 of the year in which the assessment is certified shall be collectible on county tax bills. For example, a mowing assessment for mowing that occurred in 2018 is no longer collectible on 2021 tax bills, but a mowing assessment for mowing that occurred in 2019, 2020, or 2021 may be collected on a 2021 county tax bill.
- f. No new line items shall be added to any county tax bill unless Exhibit A is amended in a writing approved by all parties to this agreement.
- g. There are certain categories of taxes or assessments that do not apply to all cities and counties, but that can apply if a city or county enters into an agreement with specific parties or entities for limited purposes allowed by law. State statutes often contemplate that such categories of taxes or assessments will be collected on tax bills. While state law may require the Collector to collect such items when they exist, state statute does not require county collectors to collect ad valorem taxes billed by cities. Therefore, in exchange for the Collector's agreement to collect ad valorem taxes billed by the City, the City agrees that either:
  - a. City will not enter into any agreement with any party or entity that might create a new obligation for the Collector to collect an additional tax or assessment not listed in Exhibit A; or
  - b. If City enters into any agreement with any party or entity that might create a new obligation for the Collector to collect an additional tax or assessment not listed in Exhibit A, the City agrees to retain sole responsibility to collect such additional tax or assessment on a separate City tax bill with no obligation on the part of the Collector to collect same, and to absorb any liability on the part of the Collector to collect such additional tax or assessment.
  - c. Entering into any agreement with any party or entity that creates a new obligation for the Collector to collect an additional tax or assessment not listed in Exhibit A without first obtaining consent of the Collector, or without complying with the requirements of section (b) above, shall be considered a material breach of this contract.
- h. For all categories of collection described in Exhibit A, the exact amounts to be collected and the parcels to which the collection apply shall be delivered in an electronic format acceptable to Collector on or before July 1 of each tax year. City represents that the taxes to be collected, including any set out in Exhibit A are properly collectible and agrees to defend and hold Collector and County harmless as to any claim associated with the collection of the tax. Any amount not certified to the Collector by July 1 shall not be collectible through the county tax sale conducted that year. Through September 15, cities may update amounts certified to the Collector by July 1. However, no new amounts, not previously certified to the Collector, may be added to the annual tax roll after July 1.

**REPRESENTATIONS OF COLLECTOR:** The County Clerk and Collector will add the City taxes to be collected to the County tax bill for other taxing authorities, to be collected in the same manner as for any other taxing entity. The Collector will disburse City taxes on the same basis and at approximately the same time that it disburses taxes to other taxing authorities. Collector will issue to City a written report monthly, stating the amount collected for each tax district within the city, and the amount withheld for fees with each deposit of disbursement of City taxes. The disbursement and report will be sent on or about the 15<sup>th</sup> of each month. County and Collector will maintain a web site on which the public, including city personnel, may check the payment status of any taxpayer account. Collector will issue a collection report on or about March 31 showing the total amount collected through December 31 of each tax year, the amount of delinquent taxes collected, and the amount remaining delinquent. The monthly report or annual settlement will show the amount disbursed, the year of the taxes, the amount of interest, if any, and any special districts within the City.

Collector does not guarantee the collection of property taxes. Collection of taxes is subject to various factors and problems, including, but not limited to taxpayer bankruptcy, relocation, change of address, etc. Real estate taxes due may be collected through sale pursuant to Chapter 140 R.S.Mo. in the same manner and subject to the same procedures as the real property taxes for schools and other taxing entities. Collector relies on taxpayer's need for a paid tax receipt to license vehicles as a primary personal property tax enforcement mechanism. Collector occasionally uses other methods to enforce collection, but is under no obligation to do so. If personal property taxes to be collected are more than three years past due, Collector may, at Collector's option, cease collection efforts, and issue a report of the same to the City.

**DELINQUENT TAXES:** Delinquent taxes will accrue an interest/penalty due from the taxpayer at the rate of 1.5% per month which will be added to the bill, and, when collected, will be disbursed with the principal amount to the City. Any partial payment will be prorated to principal, interest and fees. A one-time 9% penalty shall also apply to all delinquent taxes (RSMO 52.290), but no portion of this penalty is payable to the City. The Collector and/or the County shall have sole discretion to interpret statutes pertaining to waiver of interest and penalty. The City shall receive the same disbursement of taxes, interest, and penalty as paid to every other taxing jurisdiction appearing on a tax bill, less fees and costs specifically referenced in this contract.

**REPRESENTATIONS OF COUNTY:** The County will assist in authorizing such equipment, space and staffing as needed and agreed upon, to accomplish the additional responsibilities envisioned by this agreement.

**PAYMENT FOR COLLECTION SERVICES:** In consideration of the foregoing, the City will pay compensation as a percentage of the taxes and any fees or assessments collected, as follows:

A total of 2%, allocated as follows:

a.) To the County general fund, one percent (1%) of the sums collected pursuant to Section 52.260 RSMo

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- b.) To the County Assessment Fund, 0.625% (five eighths of 1%) of the sums collected pursuant to Section 137.720 RSMo
- c.) To the Collector Tax Maintenance Fund, 0.375% (three eighths of 1%) of the sums collected pursuant to Section 52.320 RSMo, and
- d.) To the County Collector, a pro rata share of \$3,000 pursuant to Section 52.320 R.S.Mo.

City authorizes Collector to deduct the above sums, together with such additional charges as are set out in Exhibit A, if any, from the amounts disbursed to the City. Collector shall have the option of billing and deducting the payments described in this section monthly, quarterly, or annually, at the option of the Collector, provided the Collector give the City a detailed receipt for each such deduction. The Collector is unable to offer differing deduction schedules to different cities.

**OFFICIAL AND GOVERNMENTAL IMMUNITY:** Nothing in the agreement is intended to waive or does waive, official and/or governmental immunity.

**BREACH:** In the event any of the parties believe there has been a breach of this agreement, the aggrieved party will give 30 days notice of the problem or issue, and the other party shall have the right to cure within the 30 days so provided. However, time is of the essence regarding any item referenced in this agreement that is to be included on an annual tax bill, or as part of the annual tax sale, and the deadlines pertaining thereto, and regarding any obligation of the City to notify the Clerk of the levy to be applied. Failure to give timely notice of the levy, or of any item to be included on the annual tax bill could result in the City levy and/or the applicable item being excluded from the annual county tax bill.

**BOND:** The City may, at the City's expense, provide a bond securing performance of the County Collector under this Agreement, in an amount to be determined by the City.

**STATE STATUTES / LOCAL ORDINANCES:** If any state statute or local ordinance is in conflict with this agreement, now, or in the future, this agreement will be modified only to the extent necessary to comply with such law or ordinance, and the remainder of the provisions shall remain in effect for the tax year indicated above and any subsequent years to which this agreement applies.

**RECORDS RETENTION:** The County agrees to retain records related to tax collections in accordance with the standards for record retention described in state law, and as promulgated by the Attorney General for the State of Missouri. Requests for detailed or assembled information may result in additional charges consistent with state law.


**WRITTEN AGREEMENT:** This contract constitutes the complete agreement of the parties relating to the collection of taxes for the City, and supersedes all previous contracts, agreements and understandings of the parties, either oral or written, relating to the subject of this agreement. This contract cannot be modified, or any of the terms waived, except by an instrument in writing signed by the parties.

IN WITNESS WHEREOF, the parties have hereunto set their hands the day and year first above written.


**CITY OF GLADSTONE, MISSOURI**

BY:   
City Manager Scott Wingerson

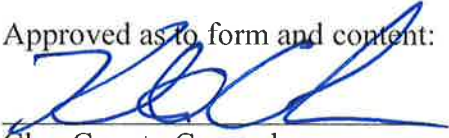
ATTEST:  
  
City Clerk Ruth E. Bocchino

  
Attorney Chris Williams

**CLAY COUNTY, MISSOURI**

BY:   
Commissioner voting in the affirmative to approve this contract

ATTEST:  
  
County Clerk

Approved as to form and content:  
  
Clay County Counselor



**CLAY COUNTY COLLECTOR**

  
Lydia McEvoy, Clay County Collector