

**IN THE COUNTY LEGISLATURE OF JACKSON COUNTY, MISSOURI**

**A RESOLUTION** joining the Greater Kansas City AFL-CIO, the Civic Council of Greater Kansas City, Greater Kansas City Chamber of Commerce, Greater Kansas City Firefighters IAFF Local 42, the Missouri Municipal League, and the Missouri National Education Association, in opposition to Proposition A, a state-wide ballot measure that could end the earnings tax in Kansas City and St. Louis.

**RESOLUTION #17399**, October 18, 2010

**INTRODUCED BY** Theresa Garza Ruiz, County Legislator

WHEREAS, on November 2, 2010, Missouri voters will decide whether to approve Proposition A, a ballot measure that, if adopted, would allow local voters to end the Kansas City earnings tax; and,

WHEREAS, loss of the earnings tax would eliminate a significant revenue source for Kansas City and St. Louis, resulting in a decrease of \$200.6 million in revenue to Kansas City and \$141.2 million in revenue to St. Louis; and,

WHEREAS, the earnings tax funds essential services for the citizens of Kansas City and Jackson County, including police and fire protection, snow removal, traffic light and street repair, sanitation, medical and emergency care, and social services for low-income families and children; and,

WHEREAS, the earnings taxes levied in each city are the only way the cities have to spread among their respective region's residents the cost of providing basic city services

and amenities such as the Kansas City Zoo and the Liberty Memorial; and,

WHEREAS, the loss of funds provided by the Kansas City earnings tax would impose greater taxes on Kansas City residents by forcing the entire tax burden of providing basic services and regional amenities to be carried by Kansas City residents alone and increase the strain on resources provided by Jackson County; and,

WHEREAS, passage of Proposition A could lead to the elimination of a significant source of revenue for the Kansas City general fund, but does not authorize any replacement revenue sources and presents no realistic expectations that an increase in property or sales taxes would fill the void; and,

WHEREAS, numerous community, civic, and labor organizations have announced their opposition to Proposition A, citing concerns for the impact this initiative could have on our community, including the poorest segments who are already suffering the financial strain brought by the current economic climate; now therefore,

BE IT RESOLVED by the County Legislature of Jackson County, Missouri, that the Legislature joins the Greater Kansas City AFL-CIO, the Civic Council of Greater Kansas City, Greater Kansas City Chamber of Commerce, Greater Kansas City Firefighters IAFF Local 42, the Missouri Municipal League, and the Missouri National Education Association, in opposition to Proposition A and pledges its support for efforts to educate the public about the consequences of eliminating the Kansas City earnings tax.

Effective Date: This Resolution shall be effective immediately upon its passage by a majority of the Legislature.

APPROVED AS TO FORM:

  
Chief Deputy County Counselor

  
Acting County Counselor

Certificate of Passage

I hereby certify that the attached resolution, Resolution #17399 of October 18, 2010, was duly passed on October 18, 2010 by the Jackson County Legislature. The votes thereon were as follows:

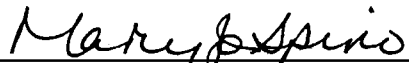
Yeas 3

Nays 0

Abstaining 5

Absent 1

10.18.10  
Date

  
Mary Jo Spino, Clerk of Legislature



September 1, 2010

**VIA HAND DELIVERY**

The Honorable Jeremiah W. Nixon  
Office of the Governor  
Room 216, State Capitol Building  
Jefferson City MO 65101

Dear Governor Nixon:

Proposition A, the ballot measure that could lead to the elimination of the earnings taxes currently levied in Kansas City and St. Louis, has been certified by the Secretary of State and will appear on the statewide ballot this November. Our organizations strongly oppose Proposition A. We were very disappointed to learn that you have not taken a firm position against Proposition A, and we encourage you to take a strong, public position against this ballot measure.

The one percent earnings tax is currently paid by people who either live or work within the city limits of Kansas City and St. Louis. If Proposition A is approved by the voters in November, the issue of whether to repeal each city's respective earnings tax would go to a local vote in Kansas City and St. Louis next April. If a majority of the local voters in either city vote to keep the earnings tax, a new referendum will be required every five years. If, at any time, the local voters vote to repeal the earnings tax, it will be immediately phased out at the rate of 10 percent each year for 10 years.

The earnings tax is a significant revenue source for both Kansas City and St. Louis. For Fiscal Year 2010, the earnings tax in Kansas City is expected to generate revenues of \$200.6 million, or 37.1% of the anticipated revenues for its General Fund. In St. Louis, the earnings tax is expected to generate revenues of \$141.2 million, or 31.1% of the projected \$453.9 million in General Fund revenues.

Both cities use much of the revenue produced by their respective earnings taxes to fund police and fire protection, trash collection and a host of neighborhood services and regional amenities. The earnings taxes levied in each city are the only way the cities have to spread among their

The earnings taxes levied in each city are the only way the cities have to spread among their respective region's residents the cost of providing basic city services and amenities such as the Kansas City Zoo and Liberty Memorial. In Kansas City, it is estimated that 40 percent of its earnings tax – \$80 million – is paid by employed people who do not reside in Kansas City, Missouri, and 20 percent of the earnings tax is paid by Kansas residents who work in Kansas City, Missouri. Because a significant portion of the earnings taxes are paid by people who live outside of, but who work in, Kansas City and St. Louis and use the cities' services, infrastructure and amenities daily, the residents of Kansas City and St. Louis would have to pay even higher taxes than they pay now in order to make up the difference. While the repeal of each city's earnings tax would in no way reduce the cost of the services or the necessity of providing them, it would result in the entire burden for these basic services and regional amenities being carried by Kansas City and St. Louis residents alone.

The earnings tax has been a stable revenue source, even through the current recession. In Kansas City, the actual revenue from the earnings tax in Fiscal Year 2008 (May 1, 2007 to April 30, 2008) was \$201.3 million; it is estimated to decrease by just \$0.7 million through Fiscal Year 2010. The sales tax is estimated to decline by \$12.3 million during the same time frame, a 7.6% drop in revenue.

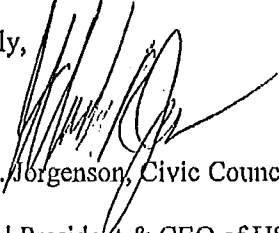
Furthermore, while eliminating a significant source of revenue for each city's General Fund, Proposition A does not authorize any replacement revenue source(s). Nor is there any realistic expectation that an increase in property and/or sales taxes could fill the void caused by elimination of the earnings tax. Both cities' real estate bases continue to decline in value; in Kansas City, there are no significant retail centers to generate sales tax, because of the population shifts to suburban communities on both sides of the state line. Even if this were not the case, undoubtedly, any replacement sources of revenue will come on the backs of the Kansas City and St. Louis residents, some of whom are the least able of each region's citizens to absorb the increased tax burden.

Many of our organizations' members pay an earnings tax, as do many of the employees of Civic Council members' companies. For Civic Council members' companies and other companies – both big and small – in Kansas City and St. Louis, the cost of doing business is always an important factor when deciding to start, locate or grow a business. However, a high value is also placed on the quality of life, including the availability of services, the cultural and recreational amenities of a community, and the strength of schools, neighborhoods and other public institutions in our decisions. We believe the earnings tax is a reasonable price to pay for the services and amenities that we and our employees depend on and enjoy daily.

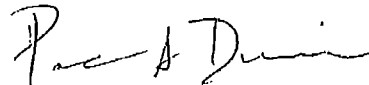
On behalf of our respective organizations, we strongly encourage you to publicly and vigorously oppose Proposition A in November. We would appreciate the opportunity to have a meaningful conversation with you about Proposition A and your position.

Thank you in advance for your consideration of our request. We look forward to hearing your response.


Sincerely,



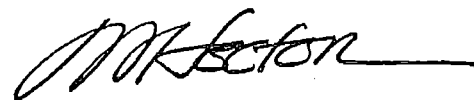
Mark R. Jorgenson, Civic Council Chair  
and  
Regional President & CEO of US Bank



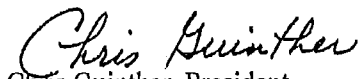
Pat "Duke" Dujakovich, President  
Greater Kansas City AFL-CIO



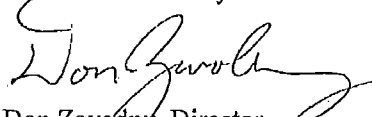
Louie A. Wright, President  
International Association of Fire Fighters Local 42



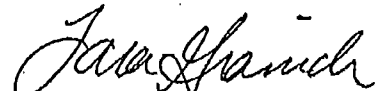
James Heeter, President & CEO  
Greater Kansas City Chamber of Commerce




Chris Guinther, President  
Missouri National Education Association




Don Zavadny, Director  
AFSCME Council 72



Lara Granich, Director  
Missouri Jobs with Justice



Sherwin Carrol, President  
SEIU Missouri State Council



Nancy Cross, President  
SEIU Local 1 Missouri