



NEWS RELEASE

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ST. CHARLES COUNTY EXECUTIVE ASKS COUNTY COUNCIL TO CONSIDER PLACING CID SALES TAX AWARENESS CHARTER AMENDMENT ON AUGUST 2020 BALLOT

ST. CHARLES COUNTY, MO -- St. Charles County Executive Steve Ehlmann has asked the St. Charles County Council to consider asking voters to approve an amendment to the County Charter to guarantee consumers are aware of additional sales taxes assessed by Community Improvement Districts (CIDs). The [bill](#), which will be introduced at the Sept. 30 County Council meeting, would require businesses located on a property within a CID, in both unincorporated areas and incorporated municipalities, to display signs at public entrances and cash register areas stating the rate of the sales tax imposed or increased at those businesses and the dates it will remain in effect. By introducing this bill, Ehlmann also hopes to highlight the fact that often a small number of property owners can authorize sales taxes that are paid by all shoppers in the CID, and that businesses in a CID can be forced to collect a sales tax that does not directly benefit the property on which it is located.

In 1980, Missouri voters amended the state constitution to require political subdivisions to receive voter approval for increases in taxes they assess. By leaving the final decision to the voters, this provision, as intended, has made it more difficult for jurisdictions to raise taxes. "It has never been totally democratic. Property owners may have their property tax rates raised with no say in the matter if they do not live, and thus do not vote, in the political subdivision in which their property is located," Ehlmann explains. "Likewise, those who shop in a political subdivision in which they do not live will have no vote on a proposed sales tax increase."

Ehlmann says that problem was magnified in the 1990s, when the legislature authorized municipalities to create CIDs (special taxing districts) as an entirely new political subdivision to fund public improvements or private projects through a sales tax collected within the CID. The tax is not approved by the voters of the municipality in which it exists, but by the owners of the majority of the property within the district. Only 14 percent of CIDs imposing a sales tax that responded to a state audit survey had registered voters within their boundaries. Those seeking its creation could manipulate the boundaries of the proposed CID to ensure those favoring its creation and subsequent tax increases constituted a majority of those eligible to vote. According to a [report](#) by Graham Renz and Patrick Tuohey of the Show-Me Institute, "In this scenario, the developer has all the say on whether such taxes are collected and what they're spent on. People from outside the district—ordinary consumers with no say in district business—pay for district projects, adding to the developer's bottom line."

Defenders of CIDs proclaim "caveat emptor" – let the buyer beware. But Ehlmann explains that most people do not know they are paying more. Pursuant to legislation passed by Rep. Phil Christofanelli (R-St. Peters), the Missouri Department of Revenue has prepared a [map](#) showing the location of the more than 428 CIDs in the state.

"While the state's map is beneficial, shoppers in St. Charles County should also have onsite notice, and the voters of St. Charles County have a legitimate interest in protecting consumers by requiring businesses to inform them when a CID

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has increased the taxes they pay and thus allowing them to make informed decisions about where they make their purchases,” Ehlmann says. “The state auditor’s August 2018 Community Improvement District [report](#) notes, ‘Taxpayers are on the hook for billions in project costs they did not approve and have little to no say in.’”

Ehlmann adds, “The method of raising taxes in a CID violates the spirit of the Missouri Constitution and consumers need to know about such ‘stealth taxes’ before they can make informed decisions about purchases.”

Ehlmann, whose proposal would not put the question to the voters until August 2020, explains, “I want to first give the General Assembly time to address the issue for the entire state during its session next year.”

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About St. Charles County:

Founded in 1812, St. Charles County is one of the fastest growing counties in Missouri, and the state’s third largest county in both population and economic share. It is home to 15 scenic county parks encompassing more than 3,643 acres with additional land under development and more in reserve for future development.

With a population of 395,504, St Charles County is home to large employers including General Motors, Citi, MasterCard Worldwide and Boeing. It is ranked among the top 25 counties in the nation in high-tech job growth by the Progressive Policy Institute and consistently has the lowest unemployment rate in the Metropolitan St. Louis area.

St. Charles County Government employs nearly 1,100 in more than 30 departments and offices, who work to make the county an excellent place to live, work and shop. For more information, please visit sccmo.org.