



TESTIMONY

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HOUSE BILL 762 AND A STATEWIDE MUNICIPAL EXPENDITURE DATABASE

By Patrick Ishmael and Philip Oehlerking

Testimony Before the Missouri House Local Government Committee

TO THE HONORABLE MEMBERS OF THIS COMMITTEE:

Thank you for the opportunity to provide testimony. My name is Patrick Ishmael, and I am the Director of Government Accountability for the Show-Me Institute, a nonprofit, nonpartisan, Missouri-based think tank that advances sensible, well-researched, free-market solutions to state and local policy issues. The ideas presented here are the result of a project my colleague Philip Oehlerking and I started last year. This testimony represents our personal viewpoint.

We began the Municipal Checkbook Project, as we titled it, to provide taxpayers with information about how their cities spend money and with whom their cities do business so they can assess for themselves if their cities are being fiscally responsible.¹ The results of our project indicate

that a searchable database such as that contemplated by House Bill 762 could provide taxpayers with a valuable tool for tracking how their tax dollars are spent and whether their municipalities are good stewards of their money.

Currently, Missouri law does not require cities to keep their financial records in any specific format. Some cities keep their expenditure records electronically, which makes it easy and cheap to produce them upon request. Others keep only paper copies, which means if financial data is requested, city workers must spend time looking for the information and either scan or mail the relevant documents. This process can be time-consuming and expensive. An electronically available database, on the other hand, could provide taxpayers with information about how their municipalities spend money that is easily accessible and searchable without the need for sunshine requests.

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Is there a need for such a database? Our experience indicates that there is.

What was our experience? My colleague and I sent sunshine requests throughout Missouri asking each city for a record of all vendor expenses from the last five years, to include the following:

- The memo/description for each expense
- The vendor/payee who was paid
- The amount the vendor/payee was paid
- The date the vendor/payee was paid
- Any address information associated with the vendor/payee

The Missouri Sunshine Law allows municipalities responding to a request for information to charge \$0.10 per page for copies plus the hourly rate of the person making the copies multiplied by the hours spent fulfilling the request. Accordingly, we asked each city to first provide an estimate of the cost to produce the records before beginning work on our request. Some cities gave us their expenditure records free or at a low cost. For example, North Kansas City initially quoted us \$1,608.80 for its records. However, after viewing our Cost of Transparency Video and seeing the number of cities that had complied with our requests, the city waived the fee and gave the records free of charge. Cities such as Ballwin and Chesterfield already have their expenditure records available on their websites.

Other cities quoted prices that created significant barriers to obtaining their records. The City of Battlefield said it would cost an estimated \$35,101.60. The City of Hollister said it would take a year to get all the information requested at an estimated cost of \$24,885.11. Neither city responded to follow-up emails asking for a breakdown of the costs. The City of Buckner gave an estimated cost of \$11,000. When asked about the cost, the city administrator said that records prior to 2014 are only available in paper format. He added that when they moved into a new city hall, the staff put papers into boxes and stacked them in a storage room, with numerous cases of files left unsorted, meaning that it would be necessary to hire temporary workers to search for the requested records.

The *Saint Louis Business Journal*, in conjunction with our research, conducted a similar inquiry by asking cities for the same records as we did. One interesting quote came from the City of New Madrid. The estimated cost given to us was \$7,737.50, while the estimated cost for the *Journal* was \$2,997. When the reporter asked about the discrepancy between the charges, the city responded that the city clerk was on vacation and that the work would be done by another city worker. Should the cost of transparency have such a variance?

At the end of the *Saint Louis Business Journal's* article, “Want to Know How Your Taxes Are Spent? Good Luck,”² the city administrator for the City of Buckner was quoted saying “...the reality is that small cities are often understaffed and underfunded, and records management tends to take a back seat to daily operations.” While a small city such as Buckner or Battlefield does not have the same resources as the City of Saint Louis—which allows the public to track its expenditures on its website—even the cities of Louisiana, Green Park, Palmyra, Vandalia, Tipton, and Salem—which are smaller than Battlefield—provided their records free of charge.

One example that stands out is the City of Winfield, not only because it shared its expenditure records free of charge, but also because of its commitment to transparency. When we spoke with the mayor, he said that while he loved the Municipal Checkbook database, his city could not afford to host its checkbook on its own website. But after we told him we planned to put the city’s records in our database, he said that he would provide a link to our website so citizens could see how Winfield is spending its money. And if you check out Winfield’s website today, you’ll see that link.⁴

We commend cities that have made their financial transactions transparent and readily reviewable. We also thank the cities that gave their records at little or no cost. Given current technology, it doesn’t seem unreasonable to expect that all political subdivisions that receive and spend taxpayer money would, as a matter of routine, make such information easily accessible. But they haven’t. As we experienced, the Sunshine Law does not ensure sunshine, especially when cities may impose charges for public information that effectively quash requests for disclosure.

We invite the members of this committee to see the results of our Municipal Checkbook Project,³ available

at our website, for an example of a user-friendly database of municipal expenditures. This database will be updated as we receive more information. It also includes a link to other records we have received from 94 municipalities,⁵ which can be downloaded but could not be incorporated into the database.

HB 762 would be a step toward the creation of accessible databases to provide the public with information about how cities are spending taxpayer money. The reform is a partial answer to the question: *If a government can spend your money, shouldn't you be able to see how?* I say “partial” because other political subdivisions—counties, fire protection districts and micro-taxing districts—would not be subject to its provisions. In addition, in the interest of greater transparency the database should also include the salaries municipalities pay their employees. Currently, the last 12 years of state employee salary information are available to download and search on the Missouri Accountability Portal. Isn't it time for local governments to be held to the same standard? The availability of comprehensive databases and salary information for these government entities could lead to even more accountability and transparency for local government spending in Missouri.

Patrick Ishmael is director of government accountability and Philip Oehlerking is a research assistant at the Show-Me Institute.

NOTES

1. Oehlerking, P. “How Easy Is It to Get a Sunshine Request Fulfilled? It Depends.” Available at: <https://showmeinstitute.org/blog/transparency/how-easy-it-get-sunshine-request-fulfilled-it-depends>
2. Keller, K. “Want to Know How Your Taxes Are Spent? Good Luck.” Available at: <https://www.bizjournals.com/stlouis/news/2018/01/31/want-to-know-how-your-taxes-are-spent-if-you-live.html>
3. Show-Me Institute. Municipal Checkbook Project. Available at: <https://showmeinstitute.org/publication/budget/municipal-checkbook>
4. Why Can't They All Be Like Winfield? Available at: <https://showmeinstitute.org/blog/transparency/why-cant-they-all-be-winfield>
5. Missouri expenditure records available at <https://drive.google.com/drive/folders/1Bqx0Gp-aPGedoh-xQQ9tkMIL0HYpCzK0>



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