



TESTIMONY

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HB 2147: LOCAL GOVERNMENT CONTRACTING

By David Stokes

Testimony Before the Missouri House Local Government Committee

TO THE HONORABLE MEMBERS OF THIS COMMITTEE

Thank you for the opportunity to testify. My name is David Stokes, director of municipal policy at 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 my own and are offered in consideration of legislation that expands the opportunity for local governments to contract for services with other governments.

House Bill 2147 adds beneficial options for cities that would like to contract for important services with other governments. The purpose of local governments is to ensure that important public services are provided, but not every local government must provide every

public service. Local governments in Missouri frequently contract with other local governments to provide these important public services. In particular, smaller towns and villages frequently contract with neighboring cities or their own county governments to provide services. Police and fire protection are the most common example, but the fields of public works and parks and recreation have many instances, too. For example, St. Louis County government provides policing and code enforcement services for dozens of municipalities within St. Louis County. The City of Frontenac, within St. Louis County, provides police services to three other cities: Huntleigh, Westwood, and Crystal Lake Park. The City of Warson Woods contracts with neighboring Glendale for fire protection service. There are similar cases elsewhere in Missouri.

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Currently within St. Louis County, only cities that have their own municipal fire departments may institute (upon voter approval) a local sales tax for fire protection services. This requirement serves as an incentive to maintain an existing fire department, even if contracting out makes better financial sense as cities undergo changes. It also serves as a disincentive to contracting out—a municipality that gave up its own fire department would also give up the revenue source that it could otherwise use to contract out for fire protection from an outside provider. House Bill 2147 adds cities that contract for fire services to the list of cities that are allowed to impose a local sales tax for fire protection services. This reform would encourage municipal contracting to save taxpayers money while maintaining service levels.

Beyond the bill under consideration, to protect taxpayers, any city that has an existing property tax for fire protection or closely related endeavors should be required to reduce that property tax rate by a predetermined level if that city's voters enact a fire department sales tax and contract out for fire protection services. Similarly, cities that have been contracting out for fire services with general revenues that institute this new sales tax option should also be required to roll back property tax rates to offset at least a portion of the new tax revenues.

I believe HB 2147 will allow more cities in Missouri to give contracting with other cities greater consideration as they debate their municipal funding priorities. Missouri citizens would benefit from these increased options for service provision and efficient government. Thank you for the opportunity to testify today.



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