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REPORT

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# A FREE-MARKET GUIDE FOR MISSOURI MUNICIPALITIES

## PART ONE: MUNICIPAL ORGANIZATION AND STRUCTURE

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ADVANCING LIBERTY WITH RESPONSIBILITY BY PROMOTING MARKET SOLUTIONS FOR MISSOURI PUBLIC POLICY

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## KEY TAKEAWAYS

- Most Missourians live in municipalities, but the level of services provided to citizens by those municipalities varies greatly.
- City managers and administrators can effectively manage municipalities, but the evidence for civic improvements under that structure is not quite as compelling as some supporters claim.
- The theories of Charles Tiebout—that local governments compete for residents based on a menu of public services funded by varying tax rates and enforced by zoning laws—are applicable in Missouri and particularly in heavily fragmented St. Louis County.

## INTRODUCTION

The adoption of free market–oriented public policies by governments has the capacity to dramatically improve lives around the world. Dramatic, market-based economic reforms in China (in 1978)[1] and India (in 1991)[2] lifted hundreds of millions of people out of poverty in those nations. As I look at Missouri's cities, towns, and villages, I find that the adoption of free market–oriented policies will also positively impact the lives of their residents.

"A Free-Market Guide for Missouri Municipalities" will be released as a series. Each entry in the series will incorporate historical knowledge, political realities, and academic studies on the management of municipalities in our state. They will be organized based on content area and are intended to serve as resources for municipal officials, taxpayers, and interested citizens. This first guide covers the structure and organization of municipal government itself. Subsequent guides will be released on municipal taxation, transportation and public works, public safety, parks and recreation, and public health.

I should say at the outset that the details of a municipality's organization as discussed here do not generally make it easier or more difficult for free-market policies to be enacted. Reform is much more dependent on public will and the responsiveness of government officials than on, say, whether a city chooses to hire a city manager. For example, consider Oakland and Marshall, which will be compared further in later portions of this project. Oakland has adopted many of the policies favorably discussed in this guide, while Marshall has adopted far fewer of them. Nonetheless, both cities operate under the city administrator form of government.[3] Clearly, a sound working knowledge of a governing body's structure is necessary for anyone who intends to shepherd policy reform through the legislative process.

Throughout this series I use the term *free market–oriented policies* in a broad sense. It encompasses policies that create a more optimal tax system for economic growth, save taxpayers money by sharing or outsourcing services, deliver higher-quality public services through competition or privatization, and expand opportunity by reducing barriers to employment and entrepreneurship.

Free-market policies can be difficult to characterize philosophically. Some could be considered progressive (liberalizing zoning and limiting tax subsidies), some conservative (eliminating local income taxes and reducing union influence on licensing), and some libertarian (privatizing public services). However, all of the policies that will be discussed in this series have been implemented somewhere in the United States—and usually somewhere in Missouri—with beneficial results.

Inertia is an extremely powerful force in local government. Arguments such as "We've always done it that way" or "Most cities do it like that" carry considerable weight in local policy and politics. This project will present examples of cities, towns, and villages that enact policies to provide a wide variety of public services in a more market-oriented, limited-government manner. If we can succeed in bringing attention to such examples—even when small or rare—to those involved in the daily operation of local governments throughout Missouri, this project will be a success.

A quick note on the terminology: In this series, *municipality* will refer to all three recognized types of incorporated communities: cities, towns, and villages. When *city, town,* or *village* is used, it generally refers to individual examples of each, or to laws and policies specific to that type of incorporated community. *Town* is much less clearly defined in Missouri law than the other two, so that term will not be used in a specific sense. The term *suburb* will be used only in its normal manner, referring to an independent municipality located close to, and interconnected with, a large city. Habit, simplicity, and a desire to vary the terminology will result in using "city" as shorthand for all types of municipalities in certain instances.

## BACKGROUND AND EXAMPLES OF FREE-MARKET MUNICIPAL GOVERNMENT

The 20th century saw Missouri transform from a rural state to an urban one. In 1900, Missouri's population was 64 percent rural and 36 percent urban. By 1950, it was 62 percent urban and 38 percent rural. By 1970 it was 70 percent urban and 30 percent rural, where it has basically remained over the ensuing decades.[4] This guide focuses on incorporated municipalities rather than the urban–rural distinction. There are unincorporated urban areas and incorporated rural communities, but as a general indication of the move toward cities and, later, suburbs, those data tell the story.

Most municipalities, particularly larger ones, promulgate a substantial number of rules regulating their citizens. Many of those rules are necessary for modern, urban society, like traffic lights and trash-pickup schedules. Some of them fulfill a need but are often taken too far for reasons of politics and rent-seeking, like taxicab licensing. As time and technology have advanced, functions that at one time may have been best performed by local government can now be handled more efficiently by the private sector, such as municipal utilities. How should municipalities adapt to properly meet the needs of their people? That question was the impetus for this project.

An estimated 83 percent of Americans choose to live in urban areas, and urban areas primarily consist of municipalities. (St. Louis County is an exception to that, with a large unincorporated population of approximately 300,000 people, or 30 percent of the county.) Most municipalities in urban areas have zoning, building codes, municipal utilities, and many other governmental functions, along with the higher taxes needed to pay for these comprehensive local services.

Not every large city in the United States has them all, of course. Houston, Texas, famously has no zoning. The town of Caroline, New York, is one of the last towns in that state without zoning, and it is currently undergoing a citywide debate over the issue.[5] St. Louis County and its 87 municipalities have entirely private utilities.[6] Branson has America's only private commercial airport. But overall, the revealed preference of most Americans is to live in urban areas with typical municipal rules, regulations, and taxes.

An example of a local government starting with a limited-government model was the creation of Sandy Springs, Georgia. The new city was incorporated in suburban Atlanta in 2005 and at first outsourced almost every service to a private contractor, the engineering firm CH2M, through the use of public–private partnerships (PPPs, or P3s). Other cities in Georgia have been created following this model, almost all in the suburban Atlanta area. Over time, Sandy Springs changed from outsourcing everything to one contractor to using multiple contractors for various services. In 2019 Sandy Springs broke away from the contractor model and brought many public services in-house. Several of the other cities created in the Sandy Springs model, including Dunwoody, Georgia, have done the same thing. Clearly, the policy of privatizing nearly all public services is no longer being used, but it remains true that these communities still contract for a significant number of services. Sandy Springs' mayor explained these changes at the time of the move to bring more public services in-house:

> Also, we still use P3 . . . for a number of services, so we have adopted more of a hybrid P3/traditional model than a pure version of either delivery model, which has always been the case in Sandy Springs. . . . We just shifted (we believe temporarily) more services to the traditional model due to the premium pricing that exists in the private sector today.[7]

Sandy Springs has, at least temporarily, stepped back from its full-throttle approach to privatization, but another Southern city has not. Weston, Florida—current population 68,000—incorporated in 1996. It predated Sandy Springs, and it too adopted the complete-contracting model for municipal government. It still makes use of the complete-contracting model, and as of

2023 has only 10 municipal employees.[8] For whatever reason, Sandy Springs got most of the attention in the political science literature, but Weston might be a true limited-government success story and the best model for Missouri municipalities that may wish to emulate such a system.

### The Story of Pierpont

Why do municipalities incorporate in the first place? Several reasons can trigger an incorporation effort. However, municipalities generally incorporate for the purpose of controlling local land use. For example, in 2004, the Village of Pierpont incorporated in Boone County. It did so as a preemptive strike to prevent annexation by nearby Columbia (although Columbia denied it intended to annex the area). Pierpont is one of the newest municipalities in Missouri out of the 947 counted by the Missouri Secretary of State (or 943 counted in the 2022 United States Census of Governments).[9] In contrast, Charmwood, in Franklin County, which is actually the newest municipality in the state, incorporated as a town in 2010 in order to be eligible for state and federal funds to improve the then-unincorporated community's problematic water and sewer systems.[10]

Municipalities generally incorporate for the purpose of controlling local land use. Instances like Pierpont are more common than those like Charmwood. The residents of the new municipality may want increased regulation of land use, or they may want less regulation of land use, but they want to be the ones making that decision—not their county or a larger, neighboring city.

In the 1990s, Wildwood, in St. Louis County, incorporated because the residents disagreed with how St. Louis County was allowing development in the area. They wanted to be the ones making those decisions, which, in that case, were in favor of instituting more restrictive development policies.

Pierpont was not, and is not, an ambitious city. That's a compliment. The residents primarily incorporated it to avoid being subject to the rules of Columbia in the future. As one supporter recalled about the effort several years later:

> "We don't have a bunch of people saying, 'You can't do this, you can't do that,' and all that silly stuff," he said, pointing to Columbia's prohibition on roosters and the limit on the number of chickens city dwellers can own.[11]

Pierpont has no fire or police service. Those responsibilities are still met by the same providers as before incorporation, primarily the Boone County Sheriff's Department. It has no parks. There are plenty of state, other municipal, and even private parks nearby. The village is required to elect leaders, manage a budget, enforce zoning rules and building codes (likely to be the bare minimum required by law within a village created to avoid rules in the first place), and do a few other, minor things. The main role of the village is to maintain its small road system. It pays for all its public services with a small sales tax and its share of state and county road tax money. It does not levy a property tax, unlike most Missouri municipalities. That's it.

Compare Pierpont with St. Louis and Kansas City. These are large cities with enormous budgets, thousands of employees, many public services to provide, and substantial public assets to maintain. Just as the people of Pierpont do not want many local regulations, the citizens of St. Louis and Kansas City generally do want them—at least more so than in Pierpont. Which services to provide, how to provide them, and how to pay for them are the central questions facing all municipalities.

## UNDERSTANDING THE MISSOURI MUNICIPAL GOVERNMENT STRUCTURE

Whether large or small, one of the first tasks that faces any municipality is deciding on the deciders. How do you arrange your municipality's political structure and leadership? As stated previously, cities, towns, and villages are all types of municipalities under Missouri laws. Depending on various factors—primarily population—each of the 947 municipalities falls into one of five classifications (Table 1). Missouri's largest cities are all constitutional charter cities, which gives their residents and leaders more discretion over matters within municipal boundaries.

Table 1: **Missouri Municipalities**

| Class | Population Requirement | Total Municipalities | Forms of Government Allowed | Total of Each Form of Government |
|---|---|---|---|---|
| Village | Fewer than 500 | 259 | Board of Trustees | |
| Class 4 | 500–2,999 | 581 | Mayor/Board of Aldermen | 750 (approx.) |
| | | | Mayor/City Administrator/ Board of Aldermen | 150 (approx.) |
| Class 3 | 3,000–29,999 | 59 | Mayor/Council | |
| | | | Mayor/City Administrator/ Council | |
| | | | Council/Manager | 40 (approx.) |
| | | | Commission | 1 (Monett) |
| Constitutional Charter (Home rule) | More than 5,000 | 41 | To be decided by the people | |
| Legislative Charter | None | 7 | As set forth in the city charter | |

Notes: The numbers in the final column include cities from multiple classifications using that form of government. All villages, which have a chairman and a board of trustees, are counted in the mayor/board of aldermen form. The total number of municipalities in Missouri is unclear. The 2022 Census of Governments states 943, but does not list them by name. The 2023–24 Missouri State Manual lists 947. I believe neither is exactly correct. Cities that incorporate based on a certain population are not required to change their classification if their population changes. There are numerous villages in Missouri with more than 500 residents.

*Sources: "Forms of Government for Missouri Municipalities," Missouri Municipal League, June 2007; Official Manual, State of Missouri, 2023–2024; 2022 U.S. Census of Governments.*

The five classes of municipalities usually have options with respect to how the local government will function. In the case of charter cities, those options vary widely. However, villages—which are the smallest incorporated entities—have no choices and must use a board of trustees, a form of government in which the citizens elect five trustees and then those trustees select a chairman of the village board from among their ranks.[12] Technically, there is no legal definition of a "town" in Missouri. All five of the municipal options in Table 1 are referred to as either "cities" or "villages." "Town" may seem to be a colloquial term used for small, but not tiny, communities. However, the term "town" is used frequently in Missouri statutes,[13] so it has some legal meaning beyond its use as part of the title of certain municipalities (e.g., the Town of Norwood Court).

Class three and class four cities can choose from among various forms of government. Class four cities can choose either the mayor/board of aldermen form or the mayor/city administrator/aldermen form. The primary structural decision in class four cities is whether to hire a professional administrator or let the elected officials manage the daily duties of government. Most class four cities have not elected to hire a city administrator, but some, like historic Sainte Genevieve, have done so.

Class three cities have four options, with the council/manager and commission forms of government added to the two options of class four cities. The major differences among the three primary choices—mayor/council (or board), mayor/city administrator/council, and council/manager—pertain to the municipality's decision of whether to hire a professional city manager and how much power to give that position. Full-time, professional city managers are employed in both the mayor/city administrator/council and the council/manager forms, although the professional administrator has more power under the latter. The council/manager form still has a mayoral position, but like the chairman of a village board, the mayor is chosen annually from among the members of the council and the mayoral position is largely ceremonial. Almost all class three cities employ either city managers or administrators.

The final option for class three cities—the commission form—is almost obsolete; only the city of Monett still uses it. (West Plains used it until a charter change in 2013.) In this form, the mayor and council members serve directly as the department heads of city agencies while also serving on the legislative body. It is similar to how in the United Kingdom, select Members of Parliament from the majority party also concurrently serve as cabinet members. (There are also many more ways in which the government of Monett is *not* similar to the United Kingdom: Monett has neither a king, nuclear weapons, nor a former worldwide colonial empire to name just three examples.)

Mayors and council members (or aldermen, or trustees) are usually paid a small stipend for their services. Full-time, well-paid mayors are generally reserved for the state's largest cities, but some smaller Missouri cities also have full-time mayors. Riverview, for instance, a suburb of Saint Louis with a population of around 2,500 residents, has a full-time mayor with a full-time salary in lieu of a city manager or administrator. Historically, well-paid local politicians from smaller municipalities were often funded through abusive traffic ticket practices. The state appropriately cracked down on that practice after the riots in Ferguson by further limiting the amount of money a municipality can raise with fines.

Within these primary forms, most cities have three or four wards, with two council members per ward, and a mayor elected citywide. Sometimes the mayor votes with the board, and sometimes he or she just breaks ties. In city manager municipalities, the board interacts mostly with the city manager, while in city administrator cities there is more direct contact between the staff and elected officials. In some city manager cities, such as University City, council members can be impeached for having too much direct contact with the municipal staff outside of the city manager; this is usually defined along the lines of "directing or ordering municipal staff." (That actually happened in Ellisville in 2013, though a court overturned the mayor's impeachment.) These small differences aside, most municipalities of similar size in Missouri have similar forms of local government.

There are also seven legislative charter cities in Missouri: Augusta, Carrollton, Chillicothe, LaGrange, Liberty, Miami, and Pleasant Hill. These seven cities were all granted special charters in the 1800s, but the constitutional method of granting these charters was eliminated in 1875. Missouri City, in Clay County, had been a legislative charter city but recently reclassified itself as a 4th-class city. Most legislative charter cities, however, are now using one of the standard forms of government. LaGrange, for example, uses the city administrator form, but differentiates its three wards by north, middle, and south instead of by number—which would not be allowed were it not a legislative charter city. One can only imagine the mayhem that would ensue if more cities were allowed to label their wards by geographic direction instead of numerals.

Missouri's largest cities, including all six cities with a population greater than 100,000, are mostly constitutional charter cities. The largest city in Missouri that is not a charter city is St. Peters in St. Charles County, which is the 10th-largest city in the state. Any municipality with more than 5,000 residents can become a charter city, but, somewhat surprisingly, only 41 have done so. These municipalities have more discretion over how they govern themselves, and they exemplify several unique structures for local government. One charter city is Kansas City, with its six council members elected at large, another six by wards, and a very powerful city manager. Independence and Berkeley are two other cities with a hybrid of at-large and ward councilmembers. Springfield and Joplin both use a system in which all members of their city council are elected at-large, but some of the councilmembers must reside within certain city zones.

Another unique system is that of the City of Saint Louis, which until recently had 28 aldermen from 28 wards, one at-large president of the board of aldermen, no city manager or administrator, and numerous citywide elected officials. In April 2023, St. Louis officially reduced its number of aldermen and wards to 14, which still is a system that is allowed only because it is a charter city.

Wildwood, a Saint Louis suburb established in the 1990s, has eight wards with 16 council members—both very large numbers for a population of only about 35,000. Other charter cities, such as Olivette, Kirkwood, and Webster Groves, which are all also in Saint Louis County, elect their councils entirely at-large.

These structural decisions can affect how a municipality taxes and spends (which will be discussed further in the section on public-choice economics). Missouri actually requires that cities with the city-manager form of government elect their council either entirely at-large or with a combined system-ward and at-large system.[14] However, since most cities with the council–manager system are also constitutional charter cities, they have the authority to ignore that law in their local government organization and operate their city council or board by wards, as many of them, including the St. Louis County municipality—and county seat—Clayton, have done.

## Nonpartisan Elections

Municipal government in Missouri is nonpartisan, which means candidates do not run for office with a party affiliation. The City of St. Louis was the last city to adopt nonpartisan municipal elections, which it began implementing in 2020. The process was disputed, however, and special elections as late as 2022 were still held with the candidate's party affiliation listed on the ballot.

As an independent city not within a county, the City of St. Louis still has several municipal officials who hold what would normally be "county" offices and campaign on a partisan basis. Other than those officials and the recent special elections in St. Louis, all municipal officials in Missouri are nonpartisan.

But should they be? Nonpartisan elections are often sold as a cure for municipal political ills, from lack of public interest to running local campaigns based on more national allegiances. While there is some truth to the latter claim, the overall evidence for the benefits of nonpartisan elections is lacking. It usually benefits the minority party in whatever community it is enacted in. However, studies have shown that nonpartisan elections reduce voter information in its simplest form. Hope as one may, the vast majority of voters are simply not going to do more research on candidates if you take away the party cue. Evidence suggests things like incumbency, with its added name recognition, and the ethnic identity of names become more important in nonpartisan elections as voters have less information to base their votes on.[15]

I am not suggesting that Missouri municipalities enact partisan local elections for city council. Most municipal voting districts are small enough that the candidates are known to the majority of voters, or, more accurately, could be known to most voters if they cared about their local government. But in our largest cities with large political districts, taking away the party label is not giving voters more helpful information, and based on the importance of local party endorsements has not taken politics out of the system anyway. In St. Louis, which reduced its number of wards and members of the board of aldermen at the same time it was removing party labels, the city removed key voter information at the very time voters needed it most. Hence the fight by the city Democratic party to maintain party labels during the 2022 special elections.[16]

The greater danger to voters is in the idea that Missouri should move to nonpartisan elections for county-level offices, but that is a discussion for another time.

## Considerations Regarding the Size of the Governing Body

Public choice is the field of study that takes economic methods and theories and applies them to political science. In recent years, economic studies of government have produced a considerable body of literature about how the structure of government, the bureaucracy, and its provision of services affects people. The economic effects are generally measured in terms of taxes, spending, or property values. Public choice theory, as it is known, is part economics and part political science. One prominent finding of public choice economics is the "Law of 1/N,"[17] which states that spending will grow as the size of a legislature increases. Other studies have demonstrated that a state's budget grows in relation to the size of its legislature,[18] and that local spending grows in relation to the size of a local council.[19] Studies have also shown that cities that elect local officials by ward or district spend more per capita than cities with at-large elections (meaning each member of the council represents the entire city).[20]

While the math that supports these studies is complicated, the essential reasoning is not. Legislators at all levels frequently trade votes with each other ("logrolling"), leading some to support spending for projects or programs they would normally not care about in order to secure support for their own projects and programs. The more legislators there are at any level of government, the more opportunities exist for pet projects, preferred programs, and logrolling.

The role of a city manager or administrator comes into play here, as the general public is not privy to the day-to-day workings of municipal government and can only judge its overall effectiveness. Differentiating the successes and failures of a municipality and attributing them to either the city manager or the elected officials is difficult for voters. Of course, city managers or administrators—who report to the elected board and not voters—will account for this in their dealings with the elected officials and public.

If the bulk of the literature agrees that spending increases with the number of elected officials serving on an elected body, then what about the number of government entities, such as cities, in an area? The groundbreaking work here was done by Charles Tiebout, who first proposed that residential mobility has created a competitive environment for local government, and that the resulting competition has kept local government spending and provision of services efficient.[21] If government services are better and taxes are lower in Lee's Summit than in Blue Springs, a family can make that move without drastically changing their lives. Hence, according to Tiebout, the invisible hand of competition constantly adjusts municipal government, as people "vote with their feet" as measured by population changes. Tiebout's theory has been demonstrated by other economists, in particular Wallace Oates, as a realistic and effective model of local government choice.[22] Tiebout's ideas are particularly applicable in areas with many municipalities, like St. Louis County, and, perhaps even more importantly, many school districts, like the entire state.[23]

How do all of these studies relate to actual cities in Missouri? Do municipalities with smaller councils, fewer elected officials, and at-large elections spend less taxpayer money than other municipalities? Is that what the voters and residents want in the first place? How do city managers affect these spending levels? While my attempt to apply many of these ideas directly to analysis of Missouri municipalities was hampered by small sample sizes for some of the questions, there were certainly indications that these theories were accurate when applied to particular Missouri cases.[24] So, yes, larger city councils do spend more, and at-large councils do spend less.

However, existing rules in Missouri—such as the law requiring local governments to have balanced budgets and the Hancock Amendment provisions to the state's constitution requiring public votes on tax increases, tax rate rollbacks, and other taxpayer protections—have had the effect (intentionally) of limiting taxing and spending in Missouri municipalities. There are simply no cities in Missouri that look like a tax version of 1970s Sweden, where the tax rates were so high that for certain self-employed, high-income people, they were greater than 100%. While I think Wildwood's 16-member council is too large and the use of at-large elections in cities should be expanded, I believe the overall effects of these structural changes on taxing and spending in Missouri municipalities would be minor given other existing checks on local government.

## City Managers vs. City Administrators vs. Neither

The fundamental choice every 3rd-class, 4th-class, or charter city faces is whether or not to hire a professional city manager. There are two options: city managers and city administrators. The differences between them are subtle yet significant. City managers tend to have greater authority. They generally run the day-to-day operations of the city while the mayor and council stick to their legislative and ceremonial roles. In some cities with a city manager, elected officials can be impeached and removed from office for having contact with city employees who are under the city manager's authority. As discussed previously, University City and Ellisville (and other cities) have that rule in their charters.

In a municipality with a city administrator, the mayor often has more involvement in daily operations, although the role of the city administrator is certainly large. As for elected officials contacting city employees under the city administrator system, there are cities (including Lake Ozark) that prevent it, but the language is more focused on "interfering" with the employees than simply having contact with them.

Whether city managers or city administrators, does professional management have a positive effect on local government? I believe most people assume it does. The revealed preference of larger Missouri municipalities certainly suggests as much. Four of the five largest cities in Missouri (Kansas City, Springfield, Columbia, and Independence) use the city manager system. Only St. Louis does not, but clearly there are hundreds of nonelected employees engaged in managing the day-to-day operations of St. Louis, as is true of any large city. St. Louis simply does not have a designated city manager or administrator. Other large cities in Missouri that do not use a city manager or administrator include Florissant, Palmyra, and St. Charles.[25] According to a systematic review of the research on city managers (and administrators) there is strong evidence that professional management allows city officials to focus more on policy and management and less on politics. It also reduces legislation or regulation favoring particular interest groups in favor of more broadly applied policy.[26]

Municipalities with professional managers also experience less corruption, which was one of the reasons for creating the council–manager system of local government in the first place a century ago. A nationwide study of local government criminal convictions between 1990 and 2010 determined that municipalities with professional management were 57 percent less likely to experience corruption.[27]

On the other hand, voter participation is lower for city manager and administrator municipalities.[28] Taking the politics out of local government works both ways.

Regarding budget and fiscal transparency, a study of larger American cities found that those with a city manager structure consistently performed better on financial reporting and accounting measures. The authors credit the different incentives faced by city managers and mayors:

> The incentives of mayors vs. CMs [city managers] as chief executive officers are quite different, which was discernable in both theoretical and empirical models. Fundamentally, mayors are expected to seek reelection and be motivated to please key constituencies. CMs are professional CEOs who signal competence through high level financial and accounting performance.[29]

Other studies have determined that municipalities with city managers had more conservative budgeting and lower audit fees (because the financial reporting was more accurate in the first place).[30]

There is limited evidence to support the idea that professional management reduces local political conflict, increases policy innovation, and limits symbolic legislation (as opposed to actual legislation that affects people).[31] Reducing conflict and symbolic legislation are good things, but the evidence supporting the hope that professional management has an impact on them is tenuous. Increased policy innovation is a trickier area, because the studies assume that the innovative policies are positive ones, and often that isn't the case. Studies find that cities with professional managers contract with private firms and other governments more and that they use economic development tools more frequently.[32] Both of these topics will be covered in detail later in this project, but suffice it to say that the evidence suggests contracting with other entities can be beneficial, while the use of economic development tools invariably involves tax subsidies that rarely live up to their promises.

There are many policy areas in which, perhaps surprisingly, the evidence suggests conditions are not improved by having a professional manager. Cities with professional management spend the same per capita, pay employees the same, provide the same quality of services, and are equally effective in providing the basic functions of government as municipalities without city managers or administrators.[33] It isn't that having professional city management makes these issues worse, but that there is no evidence there is an improvement, or even any difference at all.

The last two items from the list in the previous paragraph are key. Comparing cities A and B in whether they provide a service at all, the form they use to provide that service, and how much they spend on that service, are all questions that can be readily answered. Comparing the quality of that service between cities A and B is harder. In his literature review, Carr states that his work:

> …reveals that scholars have more often chosen to study how form of government affects the sector choices that municipalities make for service production rather than how well they perform this function.[34]

Interestingly, there is no consensus about whether having a city manager or administrator system affects taxes and spending. Conflicting studies abound on this point. While some studies report limited evidence that city manager structures reduce taxes and spending, other studies have determined that cities with city managers have higher levels of taxes and spending. For the latter studies, the key insight is not that city managers caused higher spending, but that the types of municipalities that historically adopted reforms such as professional city administrators were the same types of municipalities that supported higher levels of local services. While that is a valuable historic note, it is of limited use when considering Missouri municipalities in 2024.

Overall, though, most studies on this important question have determined that the structural change of adopting city managers does not make a difference on the question of taxes and spending levels.[35] As Carr stated, ". . . the most common finding from the studies examining this question is that spending differences are attributed to factors other than form."[36,37]

One risk in cities with the city manager system and strong prohibitions against elected officials contacting other city employees is that elected officials who may be on the opposite political faction of city leadership and the city manager can effectively be shut out of the information and decision-making process. If all the information an elected official has access to is filtered through a city manager they are opposing, the ability of opposition factions to function in local government is likely to suffer. While that may be seen as a feature rather than a bug for a system designed to be depoliticized, it is still problematic and subject to abuse. Such a situation happened in Ellisville in 2013, where a newly elected mayor was hamstrung by a city manager loyal to the council majority that had previously hired him.[38]

Professional city management can be an effective system for running local government, but care should be taken not to go too far in limiting the role of elected officials, especially those who may dare to ask questions of whatever current leadership team is in place. Democracy at all levels works best when there is a functioning opposition that demands accountability.

***Should the City of St. Louis Have A City Manager?***

Would St. Louis benefit from having professional management? In 2022, several St. Louis County city managers wrote an article for the *St. Louis Post-Dispatch* recommending that both the City of St. Louis and St. Louis County adopt professional management (I am going to focus on the City of St. Louis here). The authors argued that adopting a city manager would reduce corruption, improve public service, and address long-term issues of regional growth. Based on the research we have reviewed, the first point is likely, the second one is possible, and the third one is improbable (and an unrealistic expectation to start with).

One of the issues with St. Louis adopting a city manager is that in its unique position as an independent city not within a county, the city has certain "county" elected departments and elected officials whom a city manager would have no authority over. A city manager would not direct the following offices: sheriff, recorder of deeds, collector of revenue, treasurer, and license collector. That's not an insurmountable obstacle, but it's an issue.

Discussing change in St. Louis without considering the enormous crime problem would be an enormous omission. The prevailing assumption is that police are more insulated from public pressure in cities with a city manager, for better and worse, because elected officials have to respond to public demands more directly or they will lose votes. I see no reason to doubt that prevailing belief, but does it lead to higher or lower crime rates? Thomas Stucky researched that question, and he hypothesized that cities with mayor–council systems (i.e., no city manager) would have lower crime rates than council–manager cities because elected officials would respond to pressure to police high-crime areas more than professional managers.[39] Stucky's analysis of the data, however, did not support his hypothesis. There was simply no evidence that the presence or absence of professional management has any effect on crime rates.

Troubled public schools are another major issue in St. Louis, but in Missouri municipalities do not manage schools, so the appointment of a city manager would have no impact on that major issue.

Perhaps the most direct question is whether the use of a city manager would improve the quality of basic government services. In other words, would the potholes get filled faster under a city manager or administrator? The article in the *St. Louis Post-Dispatch* by the three city managers avoids this question, perhaps assuming that professional, nonpartisan city management equals better city services. That assumption is common, and it may be correct. But the evidence for it is not as clear as its supporters would suggest. It isn't that professional management doesn't perform better than management by elected officials. It might. But as Carr summarizes the question of better performance by city managers:

> For decades, analysts have presumed this performance gap exists, but they have yet to empirically demonstrate that any differences actually exist.[40]

Appointing a city manager for St. Louis is an option worth considering, and at some point the residents and voters deserve an opportunity to decide on that change. As discussed in the previous section, the evidence suggests such a change would reduce corruption, improve financial reporting and budget accuracy, lead to more broadly focused legislation, reduce political conflict, and increase innovative policy thinking (for better or worse). These are beneficial examples from national studies, so the extent they would apply directly in St. Louis might vary.

On the other hand, there is not enough evidence to support the claim that professional management would impact taxes and spending, city employment pay, crime rates, or the quality of city services. (Anecdotally, I admit it is hard to imagine that service quality and crime rates in St. Louis could get any worse than they are.)

Professional city management may be what St. Louis needs, but it is unlikely to provide dramatic or easy solutions to the city's many profound problems.

## The Bureaucracy

One of the central insights of public choice theory is that government employees at all levels, be they employees of the federal government or of the smallest Missouri village, are just as motivated by personal interests as anyone in the private sector. Bureaucrats act to increase their pay, power, and prestige just as any business executive would; they just do it within the realm of politics and government and use the tools at their disposal to do so. Public choice theory also implies that "the bureaucracy can play off one set of constituents against others, [e]nsuring that budgets rise much beyond plausibly efficient limits."[41]

In our largest cities, the size of the city's bureaucracy can make it difficult to oversee, just as with any state government. For smaller cities, the situation is different. Full-time city employees have an information advantage over part-time elected officials. City managers can control the flow of information to city council members. Municipal finance directors will likely know the budget process much better than those who are supposed to be overseeing them. In municipalities of all sizes, negotiations on pay and benefits between elected officials and government employees may lack someone representing the interests of taxpayers (especially future taxpayers). Politicians may be concerned about raising taxes to fund higher salaries now, but they are often far less concerned about raising future taxes to pay for future pension and healthcare costs. I am not suggesting part-time municipal elected officials manage the minutiae of the municipal budget. I am suggesting that it is important to provide an outside review of the financial work of city employees, particularly in small municipalities. Outside auditors, attentive elected officials, and even dedicated local citizen activists can all play that role.

As I will examine in more detail in subsequent sections of this project that cover land banks and historic preservation, bureaucrats and consultants in those agencies have no interest in performing their job so well that they find themselves out of one.

## Civil Service

Civil service reforms—which are intended to take politics out of local government employment—were instituted in reaction to the political patronage process and corrupt political machines of the late 1800s and early 1900s. Tom Pendergast in Kansas City led one of America's most famous political machines. The abuses of the Pendergast machine, along with corrupt statewide practices like "the lug" (whereby state employees were required to donate a portion of their salary to political parties) led to changes in Missouri politics and government, perhaps most famously the creation of the "Missouri Plan" to select judges for the Missouri Supreme Court, Court of Appeals, and some local circuits. Relatedly, state and local governments instituted civil service reforms around Missouri to limit the influence of politics in the hiring and management of many government jobs. For example, in the Hannibal employee handbook, the city lists the following rules regarding city employees and politics (boldface indicates emphasis added by author throughout this guide)[42]:

- The City of Hannibal is an equal employment opportunity employer. Employment decisions are based on merit and operational needs, and not on race, color . . . **political affiliation,** or any other factor protected by law.
- Aside from exercising your right to vote, **refrain from engaging in all other city election activities** that may help or hinder candidates or referendum issues. Employees may post political signs, or wear campaign buttons **off-duty;** aside from that, City employees are expected to **be politically-neutral** in matters of local elections.
- However, employees at work should not be distracted**, pressured, or solicited** for personal purchases, **donations, or political purposes**.

These rules are not unique to Hannibal. They are common and proper throughout Missouri's municipalities.

However, as indisputably beneficial as rules like these are, they can go too far. In the City of St. Louis, stringent civil service reforms adopted in 1941—right around when Boss Tom Pendergast's empire in Kansas City was collapsing—placed a great deal of power into the position of director of personnel and the civil service commission. This was then—and can be now—a good thing. However, over time, the rules institutionalized power in the director of personnel, and the office inevitably became a stronghold of the status quo. Between 1942 and 2021, only four people held the position. When Mayor Tishaura Jones was elected on a mandate for change in 2021, she faced significant resistance from the personnel director in hiring people she wanted to serve in city leadership positions. As the *St. Louis Post-Dispatch* described:

> The Jones administration has clashed at times with the personnel department in her tenure over the ongoing search for a city police chief and other employment issues, the *Post-Dispatch* has reported.[43]

Influential organizations in St. Louis city government, such as the fireman's union, had no interest in changing the civil service personnel structure it had come to dominate over the years. While that particular structure may have protected employees from pure partisan exploitation, it had also become an impediment to the changes voters wanted when they elected Mayor Jones. Rules that limit the impact of politics on municipal employment are necessary and beneficial, but cities should not allow rules like that to prevent change when that is what voters are demanding. After all, as H.L. Mencken famously said, "Democracy is the theory that the common people know what they want, and deserve to get it good and hard."

## Municipal Auditors

In 2023, two clerks from the small St. Louis County municipality of Flordell Hills were convicted of embezzling almost $650,000 from the village.[44] In 2021, multiple city officials were charged with stealing $115,000 from the Bootheel town of Parma.[45] These are just two recent examples of municipal thefts in Missouri. Improved fiscal oversight of smaller municipalities in Missouri is vital.

In an analysis of New York State comptroller audits of New York municipalities between 2003 and 2009, 234 out of the 259 audits included reports of deficiencies and recommendations for improvements in internal controls.[46] Twenty-five percent of the cities with internal control problems had funds missing or unaccounted for (though outright fraud was likely not the reason in every one of those instances). The author of the New York analysis wrote something that applies perfectly to Missouri:

> As noted at the outset, all entities are at risk for fraud. **Towns and villages are especially at risk, as they tend to be small organizations with limited personnel**. Such financial personnel as exist are often clerical rather than professional. Primary oversight is in the hands of elected officials—town and village board members—who may have little expertise, training, experience, or interest in internal controls. **Hence, weak control systems are not uncommon**. The findings of the New York State comptroller's audits over a seven-year period demonstrated that internal control deficiencies abound in towns and villages. Lack of effective controls coupled with weak oversight increase local governments' susceptibility to fraud.[47]

Effective municipal auditing procedures can help municipalities prevent fraud, catch it quickly when it occurs, improve a city's entire budgetary process, spend tax dollars more efficiently, and give residents more confidence in their local governments. (Not surprisingly, Flordell Hills citizens voted down a tax increase soon after the fraud was discovered and publicized.)

The Missouri state auditor's office is tasked with auditing cities when requested to do so by other elected officials or residents, but those audits usually begin after a problem has been discovered. For example, in 2022, the state auditor's office was petitioned by citizens to audit the municipality of Cross Timbers. The audit uncovered $44,000 in misappropriated funds, other financial irregularities, and numerous faulty accounting and record-keeping procedures.[48] (All of these things, of course, tend to go together.) A criminal case was launched against the former city clerk. Clearly, better financial controls were desperately needed, but finding the resources and people for such controls in a municipality of 120 residents is difficult. Small populations and limited oversight are a recipe for municipal financial problems. A bill was passed in the 2024 legislative session to give the state auditor more authority to investigate municipalities after the auditor's office is informed of criminal activity. That bill, which became law in August 2024, will hopefully have real benefits for Missouri.[49]

Some of the state audits of municipalities uncover problems that are glaring but not quite criminal. A 2022 state audit of Fairview, a town in southwestern Missouri with a population of 419, uncovered a plethora of accounting errors, conflict of interest problems, and sunshine law violations.[50]Almost as disturbingly, a 2024 follow-up audit found that only three out of the 22 recommendations for improvement had been adopted by Fairview, with four more partially implemented.

Larger cities have auditing departments on staff, but for many mid-sized and small cities in Missouri auditing obligations can be overlooked or underfunded. Perhaps surprisingly, not all Missouri municipalities are required by law to have an annual audit. Every municipality is required to file financial forms with the state auditor each year, but that is a far cry from an audit.[51] Unlike the rest of the state, every municipality in St. Louis County is required to have an annual audit.[52] The thefts in Flordell Hills discussed above are a strong indication that the law should be stronger, including requirements to publicly post audits and other financial reports online, varying outside auditors at certain intervals, and penalties for failure to file required financial documents. Just because there is a law that municipalities file financial documents—and audits for cities in St. Louis County—does not mean they have done so. Failure to file required financial documents is a frequent theme of state audits of municipalities, including audits of Bel-Ridge and Wellston, both in St. Louis County, that documented how the two cities failed to file required financial reports.[53]

The special financial reporting requirements and other rules for municipalities in St. Louis County in RSMO 67.287 should be applied (with some minor exceptions) to municipalities statewide. These rules include audits, liability insurance, accessible and codified ordinances, and making certain information publicly available. If a city is too small to accomplish those tasks, then perhaps it is not properly functioning as a municipality and should cease to do so. Independent, outside audits are vital for smaller municipalities where a limited number of people—sometimes just one person—have responsibility for financial management. Internal controls are also necessary. In a small municipality it often takes a member of the village board or city council to step up and review the financial documents regularly and carefully. Admittedly, finding a local official willing to commit that time and effort can be hard.

Embezzlement and fraud are not limited to smaller cities. While larger cities have extensive internal and external controls that reduce the risk of direct theft and malfeasance, it can happen anywhere. The Economic Development Corporation of Kansas City (EDCKC) is not technically a city agency, but it partners closely with the city and is substantially funded by tax dollars, both directly and indirectly. Lee Brown, the former controller of EDCKC, was accused of stealing millions of dollars during his time there. (He died before he could be convicted of any crimes.) The hiring process, along with a total lack of financial oversight, was a clear example of doing everything wrong:

> The EDC accused Brown of lying about almost every aspect of his professional life when he applied for a job as the agency's controller in 2015.
>
> Brown claimed law and accounting degrees that he never earned. He said he held jobs he never worked. He gave a certified public accountant license number that belonged to someone else. And he supplied an address for a house he didn't live in for his background check.
>
> Red flags surfaced during that background check. A closer look at his past **would have revealed that Brown served time in prison for financial crimes** on two separate occasions. One resulted from his unauthorized use of a company credit card while he briefly worked for Union Station as its controller in 2007. He also served time for forgery in Johnson County.
>
> T'Risa McCord, the chief administrative officer for the EDC at the time, later became the agency's interim chief executive. She recommended Brown's hiring, the lawsuit said.[54]

Inconsistent and unreliable auditors have also compromised the effectiveness of county governments, including those of St. Louis County and Jackson County, in recent years.[55] Simply put, whatever the size of the municipality, having regular, independent audits of its financial accounts and procedures is one of the most important responsibilities of a municipality.

## Municipal Spending Data

Just as important as using qualified auditors for municipal oversight is making municipal financial documentation available to the public to the largest extent possible. There are two state-run websites to which local government information can be posted.

The Show-Me Checkbook (SMC) website is a database managed by the Missouri Treasurer's office. It contains extensive data on state spending and includes detailed local government expenditure data.[56] So far, the local government information shown is primarily for counties, not municipalities. Municipalities are not required to post their expenditure information at SMC, and absent a change in law it seems unlikely many will do so.

Similar to SMC is the Missouri Accountability Portal (MAP), a state spending database that has allowed local governments to voluntarily post spending information on the portal beginning in 2023. Unfortunately, as of publication of this guide, only six municipalities (and one county) have placed their spending data on the portal. To give credit where credit is due, those six cities are: Ashland, Ballwin, Des Peres, Manchester, St. Clair, and Sunset Hills.[57] While other, particularly larger, cities may post their own spending and revenue data on their own websites, the vast majority of Missouri cities do not make their tax, spending, and revenue data as publicly available online as it should be.

For example, Oakland, in St. Louis County, which could be cited as a model municipality in many ways with respect to the recommendations that will be discussed in future publications in this series, has very little financial data on its website. Amusingly, Oakland actually has a link on its website to the local government data on MAP, even though Oakland itself does not post its financial information on MAP.[58] Do as I say, not as I do . . .

House Bill 271 (2021), which authorized the SMC data collection and website, was a good bill. Perhaps over time more cities will post their information online on SMC or MAP, but the current participation levels are not encouraging. (The percentage of counties posting financial data on SMC is much better, and Vernon County deserves extra credit for posting financial information on both portals.)

The voluntary aspects of HB 271 should be made mandatory for Missouri municipalities. If a city, town, or village can't easily publish and share its tax, spending, and revenue information in this day and age, perhaps it should not exist at all.

## Cooperative Purchasing Agreements

One of the simplest ways to save taxpayer dollars is for cities to engage in cooperative purchase agreements with other local governments. These purchase agreements help by buying more products or services in bulk, and thus receiving lower costs per unit for ordinary products like office supplies or rock salt for winter roads.

Independence, Blue Springs, and Lee's Summit in Jackson County have entered into an agreement for cooperative purchase of certain human resource services and communication functions.[59] Missouri state governments operate a cooperative purchasing system that any Missouri municipality can join.[60] Municipalities of all sizes should take advantage of these programs as much as possible.

## City Attorneys and Municipal Judges

Most Missouri municipalities have a city attorney, a city prosecutor, and a municipal judge. Some villages may not have these positions, but some villages do, and almost all 3rd- and 4th-class cities have them. The city attorney advises city officials on legal matters and legislation. The city prosecutor files and prosecutes municipal offenses at the municipal court. The municipal judge adjudicates matters in municipal court. While there are many matters that could come before a municipal court, the overwhelming number of matters charged and prosecuted in Missouri municipal courts are traffic violations and property maintenance issues (e.g., speeding tickets and failure to mow your lawn). To the largest extent possible, municipalities should try to have their city lawyers and judges be as independent as possible, and not doing similar jobs for multiple other cities. This is particularly true for city judges and prosecutors.

Research by activist and news organizations revealed substantial crossover between city attorneys, judges, and prosecutors. For example, according to one report, as of 2015 at least 13 lawyers in St. Louis worked as prosecutors or judges in at least three municipalities.[61] It would have been even more if that particular list had included city attorneys. The judge in Ferguson during the 2014 riots served as a judge or lawyer in five different municipalities. This crossover raises several ethical concerns. These include conflicts of interest where a lawyer may be prosecuting someone in one municipality and judging that same person in another one. In the bigger picture, the overlap raises questions about how a small number of attorneys and specialized municipal law firms were active participants in a system of municipal fines that was propping up the municipal government system (and paying legal fees) by targeting people (often low-income people) with abusive fines and tickets for improper reasons.[62]

Speeding tickets should be written to enforce safety, not used to primarily pay the salaries of municipal elected officials and city employees. Some Missouri municipalities have a disturbing history of substantially funding their local government with traffic fines. For example, in 2014 the mayor of Edmondson (annual salary: $12,000, which is tied for 17th among the 87 St. Louis County municipalities) sent a memo to the police officers demanding that they write more tickets and reminding them that their pay was based on traffic tickets.[63] Because Edmondson is located along Interstate 70 at the St. Louis airport, the city has the opportunity to write large volumes of speeding tickets, though the reforms introduced after the riots in Ferguson have limited the ability of Edmondson and other cities to benefit financially from those tickets.

The incentives for abuse are obvious when police officers are encouraged to use ticket writing for revenue generation. Whether it is targeting people for minor violations that would not normally be cited, taking time away from more important police work by your officers, or improperly transferring the cost of local government from residents to people simply traveling through town, the results of these practices were harmful to people throughout Missouri. The most outrageous of those practices have changed after the disturbances and riots in Ferguson.

Municipalities should insist that their city attorney, prosecutor, and especially their judge be as independent as possible. While being a city attorney may require significant, specialized legal knowledge, there are many lawyers with experience as prosecutors, and any decent lawyer can become a fair and independent municipal judge with a modest amount of training.

## CONCLUSION

Approximately 200 Missouri municipalities—including most of our larger cities—have adopted professional management in the form of a city manager or city administrator. As far as I know, no city that had adopted professional city management has permanently returned to the mayor/council (or mayor/board of aldermen) system of management by elected officials.[64] Professional city management can be an effective way to run a municipality, and while there are clearly benefits to it, research shows the impacts are not as significant as many supporters of city management assume they are.

However, care must be taken to avoid going too far in limiting the authority of elected officials. Municipalities should ensure that the wording in city charters limiting contacts between elected officials and city managers or administrators is not so broad as to improperly limit the ability of elected officials to do their jobs, nor should those limitations be susceptible to weaponization against political opponents. The Independence City Charter provides an example of language that protects the rights of elected officials to do their jobs without interfering in the role of the city manager:

> Section 2.15. Council not to interfere with administrative service.
>
> Councilmembers shall not direct the appointment of any person to, or their removal from, office or employment by the city manager or by any other authority, or, except as provided in this charter, participate in any manner in the appointment or removal of officers and employees of the city. Councilmembers shall deal with the administrative service solely through the city manager; and no councilmember shall give orders to any subordinate of the city manager either publicly or privately. **Notwithstanding, councilmembers may otherwise contact such officers and employees for the purpose of inquiry on matters of concern, but shall not direct such officers and employees in the performance of their administrative duties.**[65]

One of the downsides of adopting professional management, reduced voter participation, is an inevitable reaction to one of the clear benefits of city management. Reducing the impact of politics on municipal operations is a good thing, but one should not be surprised when residents react to depoliticizing local government by reducing their own political involvement in local government.

Particularly with smaller municipalities, checks and balances for fiscal matters are not always assured. Municipalities must make certain that independent reviews of financial matters, including audits, are regular and thorough. Posting all financial documents online allows for greater oversight in even the smallest towns and villages and should be required by Missouri state law.

In more general terms, the ideas of Charles Tiebout work in Missouri. Residents do vote with their feet, and choose where to live based, in part, on the services provided and taxes paid within those communities. (Admittedly, the single largest local factor for that decision, school districts, are not operated by municipalities.) Having a large number of municipalities of all sizes, along with unincorporated areas, gives Missourians a variety of choices to find the best fit for them. The fact that there are many small municipalities in Missouri, and particularly in St. Louis County, certainly has its policy downsides which have been discussed here and will be discussed more in subsequent publications in this series, but it has its positive aspects, too, and resident choice is at the top of that list.

There are many opportunities for municipalities of all sizes to adopt more free market–oriented policies to improve their communities while maintaining the levels of services their citizens want and expect. Future publications in this series will demonstrate examples of different ways to deliver municipal services in ways that save money, limit government growth, and create a growth-oriented tax system. Those examples and policy recommendations are what this project is all about.

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64. Two cities, Lebanon and Marshall, have switched from city managers to city administrators. Hannibal ended its city manager system but later returned to it. Flat River ended its city manager system upon a merger with neighboring municipalities.

65. Independence City Charter, accessed July 30, 2024, p. 5, https://www.independencemo.gov/sites/default/files/2024-06/Charter%20of%20the%20City%20of%20Independence%20with%20Council%20amendments.pdf.

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# REPORT

APRIL 2025

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# A FREE-MARKET GUIDE FOR MISSOURI CITIES, TOWNS, AND VILLAGES

## PART TWO: TAXATION

*By David Stokes*

ADVANCING LIBERTY WITH RESPONSIBILITY
BY PROMOTING MARKET SOLUTIONS
FOR MISSOURI PUBLIC POLICY

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## KEY TAKEAWAYS

- Missouri municipalities are over-reliant on sales taxes and—in our two largest cities—harmful local income taxes.
- There are several lesser-used municipal tax options, including local gas taxes, sales-tax pooling, and (within limitations) land taxes, whose use should be expanded.
- Municipalities are too generous with various tax subsidies and with the allowance of special taxing districts that serve no legitimate governmental purpose.

## INTRODUCTION

This is part two in a series titled "A Free-Market Guide for Missouri Municipalities." Part one covered the structure and organization of municipal government itself, including the reasons for incorporation, how cities compete with each other through a menu of taxes and services, and the question of whether to hire a city manager.

Part two focuses on municipal taxation. Missouri municipalities have an unsound reliance on sales and (in two cities) income taxes for revenue. Property taxes and, where appropriate, user fees, should be a larger part of the municipal revenue mix. The analysis of the various municipal revenue options and their proper use is the focus of this part of the guide.

Subsequent parts will be released on planning and zoning, transportation and public works, public safety, parks and recreation, public health, and other policy areas relevant to cities, towns, and villages. The overall project is organized by content area and is intended to serve as a resource for municipal officials, taxpayer activists, and interested citizens.

Each part of this guide will combine current examples, historical knowledge, political realities, and academic studies on the management of municipalities in our state. This part, which concerns municipal taxation, is particularly reliant on the wide universe of tax policy studies.

As noted in part one of this series, the adoption of free market–oriented public policies by governments has the capacity to dramatically improve lives around the world. If Missouri's cities, towns, and villages adopt many of the policies discussed in this series, that too, could have a very positive effect on the people of Missouri, including creating a path for people in our state to improve their quality of life.

As a reminder, I use the term *free market–oriented policies* throughout this project in a broad sense. It encompasses policies that create a more optimal tax system for economic growth (the focus of this part of the project), save taxpayers money by sharing or outsourcing services, deliver higher-quality public services through competition or privatization, and expand opportunity by reducing barriers to employment and entrepreneurship.

Also, in these guides, the term *municipality* will refer to all three recognized types of incorporated communities: cities, towns, and villages. When *city, town,* or *village* is used, it generally refers to individual examples of each, or to laws and policies specific to that type of incorporated community. *Town* is less clearly defined in Missouri law than the other two, so that term will not be used in a specific sense. Habit, simplicity, and a desire to vary the terminology will result in using *city* as shorthand for all types of municipalities in certain instances.

## MUNICIPAL TAX POLICY OVERVIEW

What is the most effective method to fund municipal government? Local government revenues around the United States come from five primary sources: property taxes, sales taxes, income taxes, user fees, and funds from other governments. Many but not all municipalities impose a property tax. Similarly, most but not all impose various sales taxes. The Missouri municipalities that do not impose any sales taxes are exclusively residential and do not have any retail businesses to tax,[1] although that is changing as people shop from home more and those municipalities may impose use taxes.

Nationwide, property taxes are the primary source of local tax revenue in 40 states for cities and counties. Sales taxes are the primary source in eight states, and income taxes are the primary source in just two states: Kentucky and Ohio.[2]

Perhaps surprisingly, Missouri municipalities depend less on property taxes than do cities in any other state. According to an analysis of local government revenues by the Pew Foundation, Missouri cities (and counties in the dataset Pew uses) use property taxes to make up just 20 percent of overall revenues.[3] That ranks 50th in the nation. Cities (and again, counties) in Missouri use sales taxes to make up 53 percent of local revenues. That is the third-highest percentage in the nation.

The local income tax data are tricky. Missouri ranks eighth in local government funding by income taxes. That unfortunate ranking is high despite the fact that only two cities in Missouri have a local income tax. However, they are the two largest cities (the City of St. Louis[*] and Kansas City), and the earnings tax (as it is called) is their largest source of local revenues. While the information from the Pew Foundation includes counties, it is very similar to older but exclusively municipal 2007 data from the Missouri Municipal League (MML) that documented that property taxes made up just 16 percent of municipal revenues and sales taxes 50 percent for municipalities overall.[4]

The low reliance on property taxes is related to Missouri's high reliance on special taxing districts (SDs). Missouri had 1,927 SDs as of the 2022 Census of Governments, the fifth most in the nation. Those SDs are primarily funded by property taxes, as is the case with school districts, whereas in other states school districts are often a division of municipal governments. Because schools are expensive and there is a practical limit to how high sales tax rates can go, municipalities in states with fewer SDs and broader municipal service provision tend to make greater use of property taxation.

The main point from these numbers is that municipalities in Missouri are primarily funded by sales taxes, with property taxes being an important secondary base. As recent economic shocks in America have revealed, sales (and income) taxes are more susceptible to rapid change, while property taxes are more stable. It would benefit Missouri municipalities overall to rely slightly more on property taxes and slightly less on sales taxes (and not at all on income taxes).[5] A law passed by the Missouri Legislature in 2023 and amended in 2024 allows counties to freeze the property taxes, including municipal property taxes, of senior citizens within their boundaries. This law, which many counties are in the process of adopting and which will impact cities within those counties whether those cities like it or not, is moving our local tax system in the wrong direction.

Relying on user fees instead of general taxes for services where appropriate is also strongly encouraged, as discussed in the section on user fees below.

## PROPERTY TAXES

Property taxes are the primary tax supporting local government in Missouri but not, as described above, municipalities. School, fire, library and other types of independent local governments rely almost entirely on property taxes, at least for their locally sourced funding. Counties, like municipalities, depend on both property and sales taxes.

Property taxes are unpopular with the general public,[6] but they deserve a greater share of municipal revenue sourcing in Missouri. When properly constructed (fair assessments, modest rates, local spending aims), the property tax system impacts economic growth less than other taxes[7] and funds the local services that taxpayers need and use (see Table 1 for a summary of studies comparing tax impacts on growth). More broadly, as discussed in part one of this series, the property tax system allows property owners (mostly homeowners) to act as a mobile consumer of government taxes and services.

Charles Tiebout did the groundbreaking work in this area. Tiebout contended that residential mobility created a competitive environment for local government, and that the resulting competition kept local government spending and provision of services efficient.[8] If government services are better and overall taxes lower in Lee's Summit than in nearby Blue Springs, it is easy enough for a Jackson County family to make that move without drastically changing their lives. Hence, according to Tiebout, the invisible hand of competition constantly adjusts municipal government, as people "vote with their feet" as measured by population changes. Tiebout's theory has

[*]Hereafter referred to simply as St. Louis. For all municipalities that share names with counties or other governments the reader should presume the author is referring to the municipality unless stated otherwise.

Table 1: **Which Taxes Damage Growth the Most**

| Study | Johansson et al. (2008) | Arnold et al. (2011) | Acosta-Ormacechea, Sola, & Yoo (2019) | Şen & Kaya (2023) |
|---|---|---|---|---|
| Worst | Corporate income tax | Corporate income tax | Personal income tax | Corporate income tax |
| 2nd Worst | Personal income tax | Personal income tax | Corporate income tax | Personal income tax |
| 3rd Worst | Consumption tax | Consumption tax | Consumption tax | Consumption tax |
| Least Bad | Property tax | Property tax | Property tax | Property tax |

*Source: https://x.com/cremieuxrecueil.*

been demonstrated by other economists, in particular Wallace Oates, as a realistic and effective model of local government choice.[9] Tiebout's ideas are particularly applicable in areas with many municipalities, like St. Louis County, and, perhaps even more importantly, many school districts, like the entire state.[†] The theory only works in a system substantially funded by property taxes that connect the choice of where to live, the level of taxes, and the services received.

Municipalities have long been able to levy property taxes; sales taxes are a more recent tax. For property taxes, municipalities typically have a general fund, a debt service fund, and then various dedicated funds approved by voters. Each fund has its own separate tax rate. The general fund can, as its name applies, be used for many different purposes. Dedicated funds are passed by the voters to provide for a specific service exclusively, and then general taxes cannot also be used for that service. The purpose behind dedicated funds is more political than economic—voters like approving things when they know exactly where the money is going. Allowed dedicated municipal property tax funds include parks, health, hospitals, streets, community bands, and a few more. The general property tax gives the municipality flexibility in addressing needs as they arise and change, but dedicated taxes are more likely to be supported by voters. For example, "more than 75 percent of local and state transportation financing measures are successful at the ballot box," according to a transportation industry group.[10] Striking the right balance between general and dedicated property taxes is key. Municipalities want flexibility, but voters understandably want assurances that money will go where they approved it to go. A review of the annual Missouri State Auditor Property Tax Report indicates that an overwhelming number of municipalities primarily use the general fund and supplement it with dedicated taxes, which is encouraging from a policy perspective.

The laws regarding property assessment and taxation are established by the state and administered by counties, so there is not much that individual cities can do to advance better policies in that regard. But there is a little wiggle room, and that is where I shall focus.

Land taxation is nothing more complicated than a property tax on the value of the land only. The rationale behind land taxation for most modern economists is that because the supply of land is fixed and immobile, taxes on land do not distort the tax base like other taxes may. Furthermore, a tax on the land but not the improvements (or a much lower tax rate on the improvements) incentivizes economic development of the land. Unfortunately, the Missouri Constitution generally does not allow land taxation. Article X, Sections 3 and 4 of the Missouri Constitution, state that taxes "shall be uniform within the same class or subclass of subject." In short, this provision means that property taxes must be based on the value of the buildings on the property as well as the value of the land at the same tax rate.

Land taxation is rare in the United States outside of Pennsylvania, but Pittsburgh implemented a land tax system in the early 1980s with successful results.[11] In Harrisburg, which also adopted land-value taxes in this period, the number of vacant buildings declined from 4,200 in 1982 to 500 by 1997. Land value taxes were

[†] Missouri has 518 school districts, which is ninth most among the states.

working in Pennsylvania, but political difficulties saw them phased out in many places around 2000.

Despite legal and political obstacles, Kansas City had actually imposed and collected a land tax until it was unfortunately phased out by the city in 2012.[12] The tax is still on the books, but the rates are set to zero. Until it was replaced by a higher sales tax in 2012, the land tax was used to help fund parks and roads in Kansas City. There were three taxes set: a land tax to support parks, a land tax to support trafficways (i.e., roads), and a tax based on the frontage for property along Kansas City's beautiful boulevard system. The rates were modest; the taxes funded a portion and not the entirety of the park and road systems.

How was Kansas City allowed to impose this tax that seems to conflict with the Missouri Constitution? That is unknown to this author. The two most likely reasons that this tax was allowed to continue for decades are: (1) it was declared a special assessment, not a general tax, and as such was allowed; or (2) inertia allowed it to continue with judicial acquiescence or favoritism toward city government.

However the Kansas City land tax was allowed, the leaders of Kansas City should consider reinstituting it to the extent allowed by law while reducing the increased sales tax that replaced it. (Remember, the tax wasn't eliminated, it was set to a rate of zero. It can presumably be reinstated with voter approval.) Other municipalities should consider adopting the same system Kansas City had. The more the property tax can be based on the value of the land, the better it will establish a growth-oriented tax system for municipalities. A quick perusal of the number of surface parking lots in downtown St. Louis and Kansas City can help one visualize how a property tax system that focuses on buildings instead of land will have less than optimal outcomes. The author is opposed to neither cars nor parking, but a small number of parking garages providing the necessary parking resources in valuable downtown areas appears preferable to large amounts of land taken up by parking lots.

One convoluted but legal method of land taxation involves tax abatement and SD programs, which have their own series of concerns that will be discussed later in this guide. Both Special Business Districts (SBDs) and Chapter 353 Urban Redevelopment plans (another type of subsidy) are authorized under state law to tax only the value of the land and not the improvements (i.e. homes, offices, etc.) as part of their programs within district boundaries. For example, in 2025, Chesterfield approved its Downtown Chesterfield SBD. From 2025 until 2029, the SBD will only levy its property tax on the value of the land within the district. Starting in 2030, it will levy the tax on the land and the improvements.[13] (Generally, the value and resulting taxes on improvements is much higher than the value of the land only.) Similarly, under a 353 plan, owners continue to pay property taxes on the value of the land at the start of the program, but not the improvements.[14] In theory, a municipality could create citywide SDs to tax land only. As much as I support changes to property taxation to allow for land taxes, the potential benefits from this would likely be far outweighed by the economic harms from the proliferation of special districts, subsidies, and abatements.

### Personal Property Taxes

The opposite end of land taxes is the personal property tax. Personal property is easily moveable (unlike land) and taxes can be avoided. Just look at how many cars owned by Missouri residents are registered in Illinois or Kansas to avoid the personal property tax.[‡] Missouri makes more extensive use of personal property taxes than most other states.[15] Cars, boats, factory equipment, office equipment, livestock, farm equipment, grain, and more items are subject to personal property taxes. Missouri law, however, gives some discretion to allow municipalities to avoid or limit such taxation.

Municipalities do not have to tax personal property in the first place. Independence and Rolla are two large Missouri cities that have a property tax but do not tax personal property at all. The rate on the regular property tax in those cities is probably slightly higher to make up for it, but the more property taxes can be based on the value of fixed land and immobile buildings—and the less on cars and boats—the better it will be for the city.[§] In St. Louis County with its variable rate property tax system,

‡ That exact number, since it is a crime, it unknown. But it is not uncommon.
§ See the previous section on land taxation.

any municipality can move its personal property tax rate to zero any year it chooses to. Offsetting that with higher rates on other types of property would require voter approval. Bridgeton and Lakeshire are two municipalities in St. Louis County that have set their personal property rates to zero. The process may be more complicated for cities outside of St. Louis County that have been imposing a personal property tax.

One especially harmful personal property tax is the tax on business and factory equipment. Economists Christophe Chamley and Kenneth Judd argued for low taxation rates on capital income to encourage investment, and their arguments apply to this issue.[16] As Chamley and Judd have described it, "Rational workers would rather have the extra machines to work with rather than a transfer from a tax on capital. . . ."[17] In other words, employees are better off working on machines than they would be receiving welfare payments from a tax on machines.

What can cities do about this? The Missouri Legislature authorized St. Louis in RSMo §92.043 to impose lower property tax rates on manufacturing equipment than on other types of taxable property. The very similar RSMo §92.040 allows both St. Louis and Kansas City to reduce their tax rates on business personal property, although only St. Louis has chosen to do so. Many cities within St. Louis County also do not impose their municipal property taxes on manufacturing equipment.[**]

Kansas City should mimic St. Louis's rate structure of a lower property tax on manufacturing equipment. Other municipalities should be as aggressive as possible in lowering both their personal property tax and the manufacturing property tax. Property taxation should be based on land and buildings, not movable assets such as business equipment, cars, boats, or livestock.

## SALES TAXES

Sales taxes are common for a variety of reasons. They are popular with economists because they do not directly discourage work or penalize investments. They can fund government in a convenient manner with low compliance costs and without (at least at modest tax levels) incentivizing people to significantly alter their behavior to avoid the tax. They are popular because they give consumers at least some choices: if you want to pay less tax, then buy less stuff, or at least less expensive stuff. Finally, they are popular with politicians because they are easier than other taxes to convince voters to pass, usually by stressing how much visiting shoppers will pay for your vital municipal services.[18] The last reason is less laudable than the others.

There are several drawbacks to sales taxes. They are less stable than other forms of taxes,[19] as municipal experiences during the recent pandemic demonstrated. They are considered by some to be regressive because lower income people spend a higher percentage of their income on taxable goods. Finally, the perceived ease in convincing voters to pass them results in officials proposing them for inappropriate purposes, such as a "translational research sales tax" (whatever that meant) since selling the idea to voters doesn't require the same level of argument as convincing a voter to raise their own property taxes might.[††]

Missouri ranks third in the nation in funding for municipalities (and counties) by sales taxes.[20] Only Arkansas and Oklahoma make greater use of sales taxes for local government. The dependence of Missouri cities on sales taxes is likely understated by the two sources cited, the recent Pew report and the older MML study. The Pew report includes counties, which rely more on property taxes than cities do, so the report understates the municipal dependency. The MML report referred to earlier gives a 50 percent figure for things explicitly called sales taxes, but if you add in things that act, look, and compute like sales taxes, it is much higher than 50 percent. If you add in the revenue totals from that 2007 MML report for use taxes (which are sales taxes on out-of-state purchases and which were much less commonly imposed by municipalities in 2007 than they are now), utility taxes (which are simply a sales tax on utility bills; they predate general sales taxes and are hence treated differently), hotel taxes, cigarette taxes, and the municipal share of state gas tax money (which is just a sales tax on gas, albeit one computed by gallon instead of by price), you get to

[**] I can find no legal authority for the ability of St. Louis County municipalities to not charge the tax, and it is possible it is just considered under the generic "personal property" listing and thereby actually taxed in some towns.

[††] Although when Jackson County decided in 2013 to propose that "translational research sales tax" to support private medical research facilities in Kansas City, it was overwhelmingly defeated by voters.

a municipal funding percentage of 77.5 percent by sales taxation.[21] While that report is old, a recent Show-Me Institute analysis of taxes and spending in Missouri's 20 largest cities confirmed that budget reliance on sales taxes routinely tops 70 percent.[22] Wildwood, for example—the 18th-largest city in the state—is 94 percent funded by sales, use, and utility taxes. That level of dependency on a revenue source that can vary widely in changing economic conditions is not advisable.

There are six different sales taxes available to municipalities outside of St. Louis County and six within St. Louis County, although the six options are different. This does not include sales taxes levied at the county level or by special taxing districts, nor does it include select sales taxes on certain goods, including cigarettes, hotel rooms, restaurant meals, and utility bills. Municipalities (other than in St. Louis County) can levy a general sales tax and then additional sales taxes to specifically fund parks and stormwater needs, fire departments, economic development, capital improvements, and transportation services.

The primary difference within St. Louis County is that municipalities there are not allowed to impose a transportation sales tax; that is imposed at the county level. Municipalities are allowed an additional ¼ to ½ cent general sales tax on top of the standard 1 cent tax. Municipalities in St. Louis County have figured out a way around the lack of a transportation sales tax by creating transportation development districts (TDDs) with their own transportation sales taxes that are, technically, independent of the city to varying degrees.

All of these sales taxes except the economic development sales tax are appropriate taxes for municipal government because they fund (should voters agree) appropriate functions of local government. The economic development tax, however, is nothing more than a vehicle for corporate welfare and should be eliminated by any municipality that has enacted it. With the economic development sales tax, a board is created to determine which private development projects receive funding from the collected taxes. An audit of the use of the economic development sales tax in Kansas City determined that:

1. There was a lack of oversight in how recipients of the funds used the money.
2. Recipients routinely failed to file the required financial and expenditure reports.
3. Inactive projects tied up the budgeted funds without producing the promised economic activity.[23]

This sales tax is inherently subject to the flaws of all such tax subsidies, which will be discussed in more depth later in this report.

The transportation sales taxes could also be arranged in a more effective manner (more on this shortly), but transportation is obviously a legitimate function of all levels of government.

The primary sales tax reform needed in Missouri is to address the creative abuse of sales taxes for corporate welfare by little-known taxing entities like TDDs and community improvement districts (CIDs). These districts are usually independent of municipal government, although cities often play an active role in their creation. The flaws in these districts will be discussed in another part of this overall project.

Sales taxes can be an effective way to fund municipalities. However, municipalities are overly reliant on them as a revenue source. Despite the political complications that may arise, municipalities should attempt to reduce their reliance on sales taxes and increase their use of the more stable source of property taxation,[24] and they should rely more on user fees where appropriate. Missouri municipalities do not need to eliminate various sales taxes to make this tax adjustment. It is allowable, though rare, for cities to reduce existing sales taxes. For example, a municipality could lower its general sales tax from one percent to one half percent.[25] In St. Louis County, where the one-percent general sales tax is mandated, municipalities that have the additional quarter-cent general sales tax could eliminate that tax,[26] as St. Ann did in 2014.

The one sales tax that cities should eliminate (if already enacted) or refuse to enact in the first place is the harmful economic development sales tax. Finally, cities should be far more careful about approving TDDs and CIDs, which can significantly raise the overall sales tax burden without providing any legitimate public services.

**Sales Tax Pooling and Incentives**

St. Louis County has a pooled sales tax system. "A" cities, also known as "point-of-sale" cities, keep most (the exact amount varies) of their one-percent general sales tax revenue and contribute some of it to a pool. "B," or "pool" cities, place all of their general sales tax revenue into the pool. "A/B" cities are "A" cities that annexed or merged with "B" territory, and as a result have parts of their municipality under different categories. The total sales tax pool fund is regularly distributed out to the pool cities (and St. Louis County) according to a secretive formula incomprehensible to all but the world's most powerful supercomputers and a few employees in the St. Louis County Department of Planning.[‡‡] Municipal sales taxes for capital improvements and the optional increased general sales tax may also be pooled according to a plan similar to the main general sales tax pool, but that is not required for every city. The other sales taxes allowed for St. Louis County municipalities are not pooled. With its large number of small municipalities and the widely varying retail sales tax bases among them, St. Louis County is uniquely well suited to the pool system, but that is not to say it should only be implemented there.

There are benefits to sales tax pooling, and its expansion should be considered beyond St. Louis County. One of those benefits is a reduction in the use of tax incentives. The metropolitan St. Louis planning agency, the East-West Gateway Council of Governments, conducted and sponsored a series of studies of tax-increment financing (TIF) in the region. (An explanation of how TIF operates is in the appendix.) In one of the studies, which was released in 2009, researchers tallied the TIF projects enacted and considered the sales tax pool status for each TIF location. The study stated:

> A total of 86 TIFs were approved by the 35 municipalities. . . . Of the implemented projects, 71 percent were in "A" or "A/B" municipalities.... Overall, 26 of the 86 projects (30 percent) were in pool jurisdictions.[27]

When you consider that pool jurisdictions have always made up a majority of cities within St. Louis County (the exact totals have changed over time), the fact that only 30 percent of the TIF arrangements in the county were in pool cities (at the time of this study) is striking. (In "A/B" cities with parts of the city in different systems, the TIF arrangements are almost always in the "A" portion of the city.) The use of sales tax pooling helps reduce the municipal incentives for certain tax subsidies—especially TIF—and that is a good thing for reasons to be discussed in the section on tax subsidies.

Within St. Louis County, at least eight cities, including Jennings and Ferguson, have switched from being "point-of-sale" cities to being "pool" cities over the years. These changes should be further encouraged. Pool cities benefit as much from office buildings or factories as they would from retail centers, and thereby rely on subsidies for retail less frequently.[§§] Instead of focusing on the increase in retail sales taxes, pool cities can allow a local economy to grow naturally based on a municipality's own comparative advantages. As one study on taxes and land use in California described the situation:

> Moreover, a survey of city managers indicates that the quest for retail development and sales tax revenues is a prime motivation for land-use decisions. Although such "fiscalization" of land-use policy is unlikely to markedly affect retail location, the **California evidence suggests that the property tax has comparative merits in its ability to create incentives for more balanced development.** [emphasis added][28]

The downside to sales tax pooling is that it allows cities with very limited retail to still rely on sales taxes as their primary revenue source instead of property taxes. The expansion of use taxes (which are applied based on where people live and not where they shop) is making this point less salient each year, but care should be taken to not allow sales tax pools to prop up municipalities that would otherwise be forced by residents to consider other options, including mergers or disincorporation.

In light of all these considerations, expanding sales tax pooling options to municipalities beyond St. Louis County deserves strong consideration.

‡‡ This is a slight exaggeration.

§§ But pool cities still use subsidies for retail sometimes, as University City did with a recent Costco development.

## Local Gas Taxes

Local gas taxes are a little-used option for funding roads for municipalities. According to our research, only seven municipalities have enacted local gas taxes (see Table 2). Not surprisingly, several of these cities are located along major highways and serve as frequent gasoline-stopping places. In the same way that Prussia was called "an army with a country," Foristell and Matthews could be considered truck stops with their own cities.

Table 2: **Missouri Municipal Fuel Tax Revenues**

| Jurisdiction | Rate (Cent(s) per gallon) | Fuel | Revenue (2022) | Revenue (2023) |
|---|---|---|---|---|
| Foristell | 1.0 | Gasoline and diesel | $204,215 | $237,300 |
| Matthews | 1.0 | Gasoline and diesel | $609,183 | $661,895 |
| Peculiar | 1.0 | Gasoline and diesel | $138,404 | $190,279 |
| Charleston | 2.0 | Diesel | $315,609 | $265,309 |
| Concordia | 1.0 | Gasoline and diesel | $77,859 | $82,055 |
| Knob Noster | 0.5 | Gasoline and diesel | $87,377 | $99,166 |
| Pierce City | 1.0 | Gasoline and diesel | $8,664 | $8,783 |

*Source: Information compiled by Show-Me Institute.*

Local gas taxes require a 60 percent threshold for voter approval. The funds raised by the tax can only be spent on roads within the city. Obviously, getting 60 percent of the vote for any new tax is difficult, and is likely one reason local gas taxes are so rare. Foristell, for example, needed multiple attempts before voters approved the gas tax.

Funding roads with user taxes like a gas tax is good public policy.[29] While the gas tax may not be as direct a user fee as a toll, a toll system is not an appropriate option for local roads that serve your neighborhoods and local commercial areas (simply for logistical reasons). When you pay for roads with unrelated taxes, such as a property tax, a general transportation sales tax, or, worst of all, a targeted TDD sales tax (which sounds like a transportation tax but is commonly a form of corporate welfare), you subsidize increased driving by lowering the relative cost of driving.

As electric vehicles become more common, adjustments to the gas tax system will have to be made.[30] But in the short term, more cities should consider adopting the types of very low gas taxes the cities in Table 2 have adopted in order to fund local roads. While not every municipality can raise hundreds of thousands of dollars a year, it is a worthy option for consideration in any municipality with a gas station. Similarly, the state should consider lowering the threshold for voter approval of local gas taxes to the standard 50 percent plus one.

## Other Sales Taxes

Other sales taxes available to cities include use, utility, marijuana, telephone, hotel, and cigarette taxes (Many of these are commonly referred to as excise taxes.) Any imposition or increase in these taxes must be approved by local voters. A use tax in simple terms is a sales tax on goods purchased outside of Missouri or online that are for use in Missouri. A utility tax is most easily understood as a sales tax on your various utility bills. Based on reporting from the MML, many cities have enacted utility taxes, but the exact number is unfortunately unknown. Marijuana and cigarette taxes are local taxes on those particular products. In 2002, after a long court fight between the cellular industry and various cities, municipalities won the right to subject cell phones to the same taxes imposed on telephone land lines.[31]

All of these different taxes can be beneficial to municipal governments for various reasons, including broadening the tax base, leveling the playing field for different types of businesses, and addressing certain costs to society produced by certain products (e.g. marijuana). In recent years, hundreds of municipalities have passed use taxes and taxes on marijuana as societal changes have increased the amount of online shopping and the sale of recreational marijuana has been legalized (though not, as of yet, online marijuana sales).

Municipal cigarette taxes in Missouri are forbidden by state law, although cities that had local taxes in place before 1993 were grandfathered in.[32] St. Louis has a cigarette tax, for instance. It raised $1,477,802 in revenue in 2021.[33] (There are no local alcohol taxes in Missouri, although municipalities can impose a special license fee for businesses selling alcohol.)

In the seven cities that operate their own health departments, using the cigarette or marijuana tax funds to address various costs imposed on society by those products (which is the federal and state model)[34] by funding local health initiatives is a good policy choice.[***] For most municipalities—which do not have health departments—using these taxes to support the general fund and helping to keep overall tax rates low is the recommended long-term use of the revenues.[35] The worst choice is to promise voters that these special funds will be entirely dedicated to something entirely unrelated to the tax, such as when Arnold guaranteed voters it would use its new marijuana tax to pay off bonds from the city's recreation center.[36] That choice removes municipal flexibility with the funds while not addressing any of the costs imposed by the product being taxed.

Many municipalities in Missouri have an extra tax on hotel rooms. Some cities, including Kansas City and Springfield, have expanded the definition of the tax to include short-term rental units. Both of these cities had voters approve this change in 2023. As with the other excise taxes discussed here, expanding the tax base and equalizing the treatment of businesses are beneficial changes. Hotel and other tourism taxes are often viewed as inelastic, meaning that increases in price have a limited impact on demand for the good or service. There is academic work that supports the idea that increased hotel tax revenue does not harm the tourism industry, including studies of hotel taxes in Hawaii[37] and Florida.[38] However, a study from Georgia determined that a 2015 hotel tax increase there reduced hotel room rentals in the state.[39] Considering that Missouri is more like Georgia than it is like Hawaii, perhaps municipalities should take note and try to avoid raising the hotel tax too high. For example, Hazelwood has an avaricious 21.863 percent total sales tax on hotel rooms simply because it was grandfathered in before caps were placed on the tax. It can take advantage of unsuspecting travelers because it is adjacent to the St. Louis airport.

Local hotel taxes are often dedicated to specific functions, like tourism promotion and funding convention centers. They are also pooled in some parts of Missouri, including St. Louis and Lake of the Ozarks. While the hotel tax pooling is often arranged at the county level, it includes the municipalities within those areas (meaning cities are limited in imposing municipal hotel taxes on top of the regional pooled tax rate). Branson has a hotel tax dedicated in part to tourism promotion and is part of a regional pool with an extra sales tax also used to promote tourism. Figuring out the sales taxes owed by hotels on various goods they sell or rent in Branson is a complicated process. The Missouri Department of Revenue explains it like this:

> For example, a Branson hotel may have a gift shop that also sells snacks and bottled soda. In this example, the hotel will have to collect and remit tax at three different rates.
>
> - It will collect and remit tax on charges for rooms at a rate that excludes the 1% Branson/Lakes Area Tourism Enhancement District Sales Tax.
> - The gift shop sales will include the 1% Branson/Lakes Area Tourism Enhancement District Sales Tax.
> - The tax collected on charges for the snacks and sodas would be at a third rate, excluding both the 1% Branson/Lakes Area Tourism Enhancement District Sales Tax and the 3% of the state tax exempt pursuant to Section 144.014, RSMO.[40]

Despite the complexity of Branson's system, hotel tax pooling for tourism-related costs is a program worth trying and deserves more study by economists.

One of the goals of directing all hotel taxes to tourism is to take politics out of the funding equation and have the taxes go directly to the tourism board (or whatever it may be called). That is preferred by the hospitality industry, as it ensures all of the taxes go directly to the intended use instead of being collected and spent elsewhere by politicians. That is understandable, and taxes should

[***] Those seven cities are: St. Louis, Kansas City, Joplin, Independence, Columbia, Springfield, and St. Joseph. The latter three operate their department in combination with their county government. These cities operate comprehensive public health agencies. Other cities have departments they call "health" departments, but they are not comprehensive public health agencies.

be spent on what the voters approve them for, but it is fundamentally undemocratic to remove the ability of elected officials to direct the spending of tax dollars, as some tourism officials have previously advocated for.[41] Tourism taxes, whether pooled or not and whether directed to tourism promotion or not, should still be subject to appropriation and oversight by elected officials, who can be held accountable by taxpayers.

## USER FEES

A definition of a user fee is provided in the definitions section provided in the attached appendix. Joplin has a similar definition with examples on its website. Joplin states:

> The City of Joplin provides services to specific users. These users are charged fees for such services **as building permits, business licenses, recreation fees, airport fees and cemetery fees**. The fee is intended to cover the cost of the specific service, alleviating the need to utilize general taxes to support activities of specific users users [emphasis added].[42]

This is an excellent summary. User fees play an important role in funding municipalities, and every attempt should be made to maximize their use where applicable. If something is a classic public good it is non-rivalrous—my use of the service does not impact your use of the service—and non-excludable—it isn't possible (or at least practical) to exclude someone from the service anyway. Nobody wants their village to fence in the village green to collect entrance fees at one entrance point. (For an expanded explanation, please see the appendix.)

Public goods, such as police, should be paid for by taxes. The examples listed by Joplin above are not public goods, and they should be funded by user fees in order to ensure that the costs are borne to the largest extent possible by the users of the services instead of by general taxpayers.[43] Other common local services that can and should be paid for by user fees (if provided by the municipality in the first place) include trash pickup, animal control (e.g., adoption and spaying and neutering fees), public parking facilities, and municipal utilities.

Not every service funded by user fees needs to be *entirely* funded by the fees. There are circumstances where it is appropriate for user fees to cover a portion of the cost. As will be discussed further in a future installment in this series that addresses parks, a public pool that can be funded by user fees will often be in a park that is funded by taxes. It is common and normal that some of the services for the pool, like a shared parking lot, would then be funded by taxes instead of fees.

Similarly, there are circumstances where larger up-front or capital costs to a municipal project may be funded with taxes, but the operating costs of the project would be funded with user fees.

In some instances, such as trash pickup, the differences between taxes and user fees are generally minor. That is because in most places in Missouri trash pickup is required and the fees are fixed per house. A more direct user fee would be to vary the amount of the fee based on the amount of trash generated. One study found that cities that instituted "pay as you throw" user fee systems saw a substantial reduction in the quantity of trash and an increase in recycling.[44] Outside of bulk trash pickup, I am unaware of any "pay-as-you-throw" funding systems in Missouri municipalities. Independence has a monthly "Drop-off depot" event where fees are charged by the size of the vehicle dropping off the bulk items, which comes close. Interestingly, Independence also has no municipal trash service (either in-house or by contract), and all residents arrange their own trash pickup with private waste haulers.

## LOCAL INCOME TAXES

The right to impose a local income tax (called an earnings tax) in Missouri is limited to St. Louis and Kansas City. Prior to the passage of Proposition A in 2010, other cities had the right to impose an earnings tax, but none had done so. Proposition A restricts the earnings tax to St. Louis and Kansas City permanently and requires a quinquennial vote by residents of those cities to approve the continuation of that tax.

Municipal income taxes are common in Pennsylvania, Ohio, and, to a lesser extent, Kentucky and Michigan. States where local income taxes are common but not generally levied by cities include Kansas and Iowa (by school districts) and Maryland and Indiana (by counties). Missouri is similar to several other states, including New York (2 cities), Delaware (1), Alabama (4), West Virginia (4), and California (1), where a small number of usually larger cities are authorized to levy local income taxes.

Local income taxes are harmful for cities. Such taxes encourage movement of population, labor, and capital away from the cities that impose them to surrounding communities that don't.[45] This effect has been documented by numerous studies.[46] Despite the evidence against earnings taxes, they remain popular with voters and local officials in both Kansas City and St. Louis. After all, who wouldn't want to tax non-residents to help pay for the public services enjoyed by the residents? The short-term political gains have to this point trumped the long-term benefits of eliminating the earnings tax.[47] Local earnings taxes are like witch-burnings: highly popular with the resident populace but nevertheless terrible public policy.

The earnings tax is set at one percent of income in each city. All residents, businesses, and commuters who work within the cities must pay it. St. Louis has an additional income tax, the payroll expense tax, which is a half-percent tax on wages paid by the employers within the city.

Because of the pandemic, St. Louis changed its rules regarding nonresident workers to include income from employees who worked from their home outside of the city for businesses within the city. St. Louis required the earnings and payroll taxes to be paid on that income, which was contrary to the plain reading of the state law allowing earnings taxes. Kansas City did not change its interpretation of its ordinances. Unsurprisingly, a lawsuit was brought against St. Louis by taxpayers seeking refunds of taxes paid as a result of the city's new interpretation of the law. In 2024, the Missouri Court of Appeals affirmed a lower court's ruling that St. Louis's earnings tax did not apply when employees were not physically working within the city limits of St. Louis's. Accordingly, St. Louis has stopped collecting the earnings tax on remote workers and is refunding taxes for prior periods that were improperly collected and for which refunds have been claimed.[48]

If Saint Louis and Kansas City want to create a better environment for economic growth in the long term, they should phase out their earnings and payroll taxes. The substantial increase in working from home during and after the pandemic is one more reason to move away from depending on earnings taxes.[49] Nobody says it will be easy to replace a substantial part of those budgets, but if Saint Louis and Kansas City were to phase out their earnings taxes over a 10-year period (or longer), they could replace the lost income tax revenue by: [†††]

- Substantially reducing various tax subsidies;
- Increasing other, less economically harmful taxes, such as gas or land and property taxes;
- Sharing services with other governments;
- Privatizing certain services and assets, such as their municipal water departments;
- Consideration of taxation of entities previously not taxed, such as property taxes on nonprofit entities;
- Streamlining the budget; and
- Reforming pensions

The long-term benefits from ending the earnings and payroll taxes to our two largest cities would be significant.

## SPECIAL TAXING DISTRICTS

Missouri has thousands of special taxing districts (SDs). These range from the well known, such as school districts, to the obscure, such as street light districts. We have 1,927 of them—fifth most among the 50 states—according to the most recent data from the U.S. Census of Governments.[50] Many of those SDs are independently operated with their own elected officials (such as school districts) or appointed boards. They generally rely on their property tax authority for revenue, but some are also authorized to levy sales taxes. This guide is not focused on those types of fully independent districts, but rather on

[†††] Some of these, such as nonprofit taxation, would require changes to state or local law.

SDs that municipalities can create or approve. These are rapidly proliferating around Missouri and include CIDs, TDDs, and neighborhood improvement districts (NIDs). What do I mean by rapidly proliferating? There are 269 TDDs in Missouri as of 2024; there were only 125 as of 2010. There are 631 CIDs in Missouri as of 2024; there were just 118 as of 2010.[51] (NIDs are not as common, then or now.) Not every TDD or CID is harmful. The Lake Ozark Community Bridge TDD and the Isle Del Sol Causeway CID, both in the Lake of the Ozarks region, have successfully funded and operated important transportation improvements for the area without relying on the general taxpayer. Other, cross-county TDDs have enabled regional road improvements. But overall, municipalities employ SDs as another tool for corporate welfare.[52]

Municipalities do not have total control over the creation of all these SDs. TDDs, in particular, may be established outside of municipal authority. However, municipalities do have full authority over the creation of some SDs, and they have substantial influence over the creation and management of others (compared to say, a school district, which a municipality has no control over.) Municipalities rarely use that authority and influence to oppose new CIDs, TDDs, or NIDs.

The Missouri State Auditor's Office and other local oversight agencies have routinely flagged CIDs, TDDs, and other SDs within municipalities for many troubling practices.[53] These issues include failure to use competitive bidding, board member conflicts of interest, failure to produce or provide necessary financial reports, failure to notify shoppers of added taxes as required by law, and improperly collecting sales taxes from businesses outside of the districts. State auditors of both parties have called for much greater oversight, more transparency, stricter financial reporting rules, and other limits on SDs.[54] The Kansas City Auditor's Office also released an audit documenting many of these same problems with CIDs within Kansas City and stressing the problems with how SDs are frequently layered on top of each other.[55]

SDs often fund primarily private assets with public dollars. Usually, those public dollars come from sales taxes imposed within SDs. For example, many CIDs in Kansas City—43 out of 74 (as of 2021)[56]—consist of nothing more than one parcel of property and impose sales taxes on the public for the private benefit of that one property owner. These private benefits, for uses such as parking lots or landscaping for retail developments, are paid for by tax dollars rather than through private investment, and the benefits accrue almost entirely to the private party. This means that, according to analysis by researchers at the Show-Me Institute:

> the majority of . . . CID tax collection and spending is the result of one group or entity—developers and landowners—imposing taxes on another group—ordinary consumers—who are unaware of the tax and have no say in how the funds are collected or distributed."[57]

That is not sound public policy.

Another major problem with SDs is a lack of transparency. The state auditor's office has issued reports documenting deficiencies in the operation, management, and accountability for the expenditure of public dollars by these districts throughout Missouri.[58] SDs frequently fail to comply with state laws in a number of areas, including the transparency of the special taxes, the bidding process for use of the public dollars, and the annual reporting on how the money is spent. As the 2021 Kansas City CID audit documents,[59] in 2021 over half of the CIDs in Kansas City failed to submit a budget on time, and 47 percent failed to provide an annual financial report on time (or at all) in 2019.

We need statewide changes to SD laws in Missouri to compel better financial accounting, public transparency, and local government oversight, and to give voters an active role in decisions regarding establishment of such districts. Even with these possible adjustments, SDs will generally constitute corporate welfare to developers and private interests. Municipalities throughout Missouri are better off severely limiting their enactment and usage.

## MUNICIPAL TAX SUBSIDIES

Municipalities in Missouri dramatically overuse tax subsidies of all types. These subsidies include SDs discussed above, and TIF, but there are other options at the local level. Usually, such tax subsidies involve some type of full or partial property tax abatement, an allowance to keep certain taxes that would otherwise be paid, or sales tax exemptions. (Please see the appendix for an explanation of TIF.)

In a short listing of cities that make significant use of TIF, the anti-tax subsidy organization Good Jobs First included both St. Louis and Kansas City as two of just four cities that "have a large number of TIFs."[60] The group further lists Missouri as one of 12 states with more than 450 TIF districts (most, but not all, TIF projects are enacted by municipalities).

The academic research on the failures and harms of attempting to drive economic development through tax subsidies is overwhelming. What follows is just a small sample of the research. A study for the Show-Me Institute on TIF in Missouri found no evidence that TIF systematically promoted economic growth in St. Louis or Kansas City.[61] A study of the use of TIF in Iowa concluded that, "On net . . . there is no evidence of economy-wide benefits (trade, all non-farm jobs) fiscal benefits, or population gains."[62] Another study from Illinois found that economic growth in cities that did not use TIF was stronger than in cities that did use TIF. From that study:

> If the use of tax increment financing spurs economic development that would not have happened but for the public expenditures, we would expect (after controlling for other growth determinants and for self-selection) a positive relationship between TIF adoption and growth. If the use of tax increment financing merely moves capital around within a municipality, relocating improvements from non-TIF areas of the town to within TIF district borders without changing the productivity of that capital, we would expect (after appropriate controls) to find a zero relationship between TIF adoption and growth. What we find, however, is a negative relationship between TIF adoption and growth. This is consistent with the hypothesis that government subsidies reallocate property improvements in such a way that capital is less productive in its new location.[63]

TIF is far from the only type of tax subsidy available to municipalities. Along with the various SDs and economic development sales taxes discussed previously, municipalities have multiple options for property tax abatement programs,[64] additional sales tax abatement programs,[65] and the ability to create ostensibly independent taxing districts (port authorities[66] and land clearance for redevelopment authorities[67]) through which tax subsidies can be implemented.

Economists Alan Peters and Peter Fisher studied tax incentives closely and concluded that they work about 10 percent of the time and are simply a waste of money the other 90 percent.[68] They added that economic development officials often attribute all new employment and economic growth to tax subsidies, a claim which the author of this guide can personally attest to hearing economic development officials make.

Tax subsidies and incentives don't just harm cities because of unsound economic ideas. Moberly was victimized by a tax incentive scam related to the proposed Mamtek factory there.[69] Independence had to make up the TIF subsidy shortfalls with general revenue when its Bass Pro development did not generate the sales taxes expected. A CID in Lake Lotawana went bankrupt due to mismanagement.

Saint Louis has been using tax incentives such as Enterprise Zones (EZs), TIF, property tax abatements, and other subsidies as key urban redevelopment tools for over half a century. How has it worked out? Colin Gordon, in his 2008 book *Mapping Decline*, documents the decline of Saint Louis. The book's research is exhaustive. The dominant theme of the book is the use of urban renewal tools and tax subsidies—and their absolute, total failure. From his conclusion:

> The overarching irony, in Saint Louis and elsewhere, is that efforts to save the city from such practices and patterns almost always made things worse. In setting after setting, both the diagnosis (blight) and its prescription (urban renewal) were shaped by—and compromised by—the same assumptions and expectations and prejudices that had created the condition in the first place.[70]

What most people seem to ignore, however, is that EZs, TIFs, SDs, tax abatements, and other subsidies do not work. They do not succeed in growing the local municipal economy, be it urban, suburban, or rural. The panoply of subsidies that come into play when a large area is declared blighted can have a number of adverse side effects. They shrink the local tax base, introduce more cronyism and favoritism into the economy, encourage more government planning of the economy, and increase the chances of eminent domain abuse. As a famous Swedish economist once said, "It is not by planting trees or subsidizing tree planting in a desert created by politicians that the government can promote . . . industry, but by refraining from measures that create a desert environment."[‡‡‡]

The lack of evidence of successful subsidies for municipalities in Missouri is despite the fact that the subsidy game is arranged in favor of municipalities. Municipalities are often empowered by state law to make decisions on tax subsidies that impact other taxing districts more than the municipality itself. For instance, with TIF, the subsidy consists of 100 percent of the incremental increase in property taxes and 50 percent of the increase in sales or earnings taxes. As you will recall, municipalities in Missouri depend on property taxes less than cities in any other state. So, it is an easy decision for cities to approve TIF subsidies (or other property tax abatement projects) that give up all the property taxes that other taxing bodies, such as school or library districts, rely upon, while keeping a much larger percentage of the sales taxes involved with the subsidy that the municipality relies upon. If a new retail center opens up on a previously green field, keeping half of the sales taxes generated may still be a lot of money for the city, leaving the other taxing districts to figure out how to service the new development without any expansion of the property tax revenues (and in some instances, an actual decline in the revenues) that they depend upon. This can lead to claims by municipalities that a subsidy is succeeding, based on city finances, although its own residents are no better off because other taxing districts that serve them have been made worse off financially.

Missouri municipalities that want to cut taxes should do so for all businesses and residents, not give special deals to some chosen parties. St. Charles County in 2022 and Clay County in 2023 both reduced taxes for everyone in very recent times. While it was longer ago, the Mehlville Fire District also cut property taxes across the board in 2007.[71] Such examples should be followed.

St. Ann is the only Missouri municipality the author is aware of that has followed the example set by St. Charles and Clay counties, even just in part. In 2014, the city eliminated its optional one quarter-cent general sales tax and reduced its economic development sales tax from one half-cent to one quarter-cent. According to city officials, this was as part of an arrangement with Menards to open a store in the city.[72] Even though the Menards store was part of a larger development that included other state and local tax subsidies, St. Ann officials nonetheless deserve credit for directing some of the tax changes negotiated with Menards to be citywide tax reductions that would benefit the entire city, not just that one store.[73]

Missouri cities are well advised to eliminate their economic development offices, significantly reduce the granting of tax incentives and subsidies, and reduce their role in planning their local economies. Local politicians and economic development officials are not capable of successfully conjuring economic prosperity, despite their claims to the contrary. They are quite capable, however, of rewarding contributors and entrenched interests at the expense of outsiders, new businesses, and new ideas.

## CONCLUSION

Most municipalities, including most large cities, around the country do not impose local income taxes. Yet, those cities provide services just as well as Kansas City and Saint Louis. Nobody says it will be easy to replace the earnings taxes in Kansas City and St. Louis, but it should nonetheless be done (over time) in order to grow the economies of those cities to benefit everyone. At the very least, the two cities should attempt to become less dependent on the earnings tax and resist efforts to make themselves more dependent on it, as has unfortunately happened with the recent senior citizen property tax freezes.[§§§]

[‡‡‡] Assar Lindbeck, long-time chair of the Nobel Prize in Economics selection committee.

[§§§] As an independent city, St. Louis imposed the senior property tax freeze on itself, and can repeal it if it chooses to. Kansas City had the senior property tax freeze imposed on it by Jackson, Clay, and Platte counties, though I am not aware of any attempt by the city to oppose those moves.

Taken together, the research discussed above suggests that municipalities should fund themselves locally with a three-legged stool of sales taxes, property taxes, and user fees. (The stool analogy is particularly appropriate when one recalls that the fictional Missouri town of Blaine proudly held itself out as the "stool capital of the United States" in the comedy film *Waiting for Guffman*, but I digress.) Currently, the stool is slightly off-kilter, with a longer leg for sales taxes than is ideal for municipalities generally. (The "ideal" ratio varies from city to town to village; a city with a popular shopping mall is understandably going to rely more on sales taxes than other communities might.) But, overall, it would be preferable for many municipalities to attempt to shift their revenue sources slightly to rely more on property taxes and less on sales taxes.

Municipalities have had several significant new revenue options made available to them in recent years: the expansion (through court decisions) of use tax authority and telephone taxes, and the authorization (by statewide referendum) of marijuana taxes. Then there was the enormous, one-time increase in federal funding for municipalities during the pandemic. Saint Louis alone received almost a half-billion dollars from the federal government in COVID-related economic stimulus funds which, as of early 2025, still have not been entirely spent.[74]

Managing a municipality may present many difficulties, but revenue options aren't one of them. The goal, however, should never be to maximize city revenue. The goal should be to fund the necessary functions of municipal government in a manner that is conducive to overall prosperity and long-term economic growth. The author hopes the analysis and recommendations in this paper will help municipalities achieve that aim.

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## GLOSSARY OF RELEVANT TERMS

***Enterprise Zone (EZ):*** The Missouri Enterprise Zone Program was created in 1982 to allow local governments the option to provide tax abatement for companies locating or expanding in a designated blighted area defined as an "enterprise zone." The local property tax abatement could be combined with a state tax credit based on the amount of private investment and the jobs created. It was later replaced with the Enhanced Enterprise Zone program. Many other states have similar programs, and the federal government currently offers a similar Opportunity Zone program. (*Source:* Missouri Department of Economic Development.)

***Public Good:*** In the economic sense, a public good is something that is non-rivalrous and non-excludable. Non-rivalrous means that my use of something does not impact your use of the same thing. Non-excludable means that it is difficult (or undesirable) to prevent someone from using something in the first place. Fresh air is often cited as the most obvious public good. The consideration of public goods is an important part of local government policy debates in several key areas. At the most basic level, local government services that are generally public goods would *usually* be funded by general taxes, while local government services that are not generally public goods would *usually* be funded (at least partly) by user fees. Just because something may not be considered a public good in an economic sense does not mean government shouldn't ensure that service is provided. There are several common municipal services that are not generally considered public goods in an economic sense, including public transit in larger cities. (*Source:* Wikipedia.)

***Tax-Increment Financing (TIF):*** TIF is an economic development tool whereby the developer of a property gets to keep 100 percent of the increase in property taxes and half of the increase in sales or earnings taxes to put toward authorized costs of the redevelopment.

***Tax Pooling:*** A practice whereby cities (and sometimes other taxing districts) share tax revenues in a nonstandard manner and distribute funds to the participating governments under an agreed-upon formula for various uses. There are several tourism-related tax pooling systems in Missouri, but the St. Louis County general sales tax pool is the largest example.

***User Fee:*** According to the Tax Foundation, "A user fee is a charge imposed by the government for the primary purpose of covering the cost of providing a service, directly raising funds from the people who benefit from the particular public good or service being provided. A user fee is not a tax, though some taxes may be labeled as user fees or closely resemble them." (*Source:* Tax Foundation website, accessed January 5, 2024.)

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