



TESTIMONY

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SENIOR SERVICES TAX LEVY PROPOSAL

By David Stokes

Testimony before the St. Louis County Committee of the Whole

TO THE HONORABLE MEMBERS OF THIS COMMITTEE

My name is David Stokes, and I am director of municipal policy at the Show-Me Institute, a nonprofit, nonpartisan Missouri-based think tank that supports free-market solutions for state and local policy. The ideas presented are my own.

Everyone wants to help senior citizens, right? Who could be against a new property tax in St. Louis County to help our seniors get additional services? Well, I am. Politicizing charity, mandating it through law, and, most egregiously, funding it with a tax that seniors themselves no longer pay is a dangerous path to take.

Two years ago, St. Louis County passed the senior property tax freeze. I have testified against these plans across the state, pointing out that it is extremely troubling to create a system where people (in this case seniors) will vote on property tax increases they won't have to pay. As I said in several of my testimonies against the senior tax freezes around the state:

This bill will lead to the troubling issue of people voting on property tax increases that they themselves are not subject to. The single best aspect of property taxation is that it focuses the costs of local services on the people who pay for those services. . . . Instituting a system where people vote on property taxes they won't pay breaks that beneficial connection. It dramatically

alters the voter calculation if seniors are voting on property tax increases they are immune to.

Now, St. Louis County is considering placing a senior service fund property tax on the ballot. So, as I stated, thanks to the tax freeze, senior citizens in St. Louis County will be able to vote on a property tax increase they won't have to pay. That is worth repeating. Senior citizens will get to vote on a new fund for senior services that they themselves do not have to pay. What rational senior citizen won't vote for this tax? All the potential benefits, none of the potential costs. It's simply ludicrous.

It is worth noting that three counties in Missouri have senior service funds where the revenue is raised through sales taxes.¹ While I believe there are concerns with a senior fund raised by sales taxes, too, at least in these cases the people who benefit from the new service help to pay for it.

There are other concerns about this senior service fund. Charity should not be politicized, yet that is exactly what this proposal will do in St. Louis County. About 15 years ago, the children's service fund in St. Louis County became a flashpoint in the county executive's race. The fund was slow to distribute money and had grown to a balance of \$78 million. That large balance became a point of contention in the campaign, made worse when questionable activities with the funds led to the firing of the children's service fund director and an FBI investigation.² Even without that level of controversy,

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charities will still be forced to play politics. Board members of various St. Louis County senior charities that might receive funds will have to start taking that into consideration when they personally decide whom to support in various county political races. One can't risk backing the wrong horse and putting the charity's funding in jeopardy. It's machine politics at its most insidious.

Any future county senior service fund would likely be a special taxing district, and the last thing St. Louis County needs is another obscure taxing entity with little accountability and even less oversight. The children's service fund in Lafayette County, on the eastern edge of the Kansas City region, provides a useful case study for those problems. The fund had operated for years with almost no oversight. Those operating it routinely engaged in improper activities, including funding charities that were affiliated with board members, funding charitable activities that were not eligible for funds in the first place, and funding a private business that wasn't a nonprofit. After a whistleblower brought this to light, the state auditor investigated and referred the fund to authorities for possible Medicaid fraud.³ If you think the future St. Louis County senior's fund will be immune from these incidents, you should disabuse yourself of that notion.

If St. Louis County voters pass the new tax and create a senior service fund, will some senior citizens benefit? Of course some will. But citizens need to consider all the possible effects of this endeavor. Creating a new taxing agency with no oversight, entangling philanthropy with politics, making charities dependent on government largesse, and creating service funds for people who won't pay the costs of it is not a recipe for making life better in St. Louis County. Let's allow these charities to do what they were intended to do—help our senior citizens—without the heavy hand of government involvement and unfair tax policies.

NOTES

1. Perry, Bollinger, and Mississippi counties, all in southeastern Missouri.
2. In fairness, the FBI investigation did not find evidence of any criminal activity.
3. Missouri State Auditor's office, "Auditor Galloway refers credible allegations of Medicaid fraud related to Lafayette County Children's Services Fund," Dec. 11, 2019. It does not appear that the allegations led to criminal charges here, either.



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