



AGENDA ITEM ANALYSIS

Project/Issue Name: 22-61 An Ordinance of the City Council Reaffirming the Gross Receipts Tax to be Imposed upon Electric Corporations Conducting Applicable Business within the City.

Submitted By: Megan McCullough, City Attorney

Date: October 18, 2022

Issue Statement

An Ordinance to maintain the City's franchise tax rate of 3% for electric corporations operating within the City of Republic.

Discussion and/or Analysis

The Missouri Public Service Commission (PSC) has recently granted a tariff increase of 7.38 percent to the Empire District Electric Company (d/b/a Liberty Utilities). The tariff increase exceeds seven (7) percent, which triggers certain provisions of Section 393.275, RSMo. Specifically, Section 393.275.2 requires the taxing authority to roll back its gross receipts tax rate on the affected utility company, to the extent it would be necessary to ensure revenue for the ensuing twelve months will be approximately equal to the revenue received during the preceding twelve months (plus a growth factor). However, Section 393.275.2 permits the taxing authority to adopt an ordinance stating the authority will maintain its tax rate without reduction as a result of the tariff increase.

The original and subsequent franchise tax rates imposed by the City on electric corporations, including Liberty, has been 3% and this Ordinance proposes to maintain that rate, as originally defined in Ordinance 84-1004 and adopted under the current franchise agreement between the City and Liberty.

Recommended Action

Staff recommends approval.