



OCTOBER 2007

October 25 Meeting in Ferguson

Upcoming League Meetings

- Thursday, October 25, Membership Meeting 7:30 pm, Ferguson City Hall
Saturday, November 3, Legislative Breakfast, 9:00 am, Sheraton Westport Tower
Thursday, November 29, Membership Meeting, 7:30 pm, Fenton (moved to 5th Thursday to avoid a conflict with the National League of Cities Conference)

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The next League meeting will be held at 7:30 pm on Thursday, October 25 at the Ferguson City Hall, 110 Church St., just off of Florissant Rd. (Directions: from I-70, exit at Florissant Road northbound. Continue north about 1 1/4 miles. Turn right on Church St., just past the railroad trestle. City Hall is on the right and parking is available in the back of the building.)

The main item of business will be the consideration of the legislative packet and priorities for the 2008 session as rec-

ommended by the Legislative Affairs Committee. The Committee report will be presented by its Chairman, Florissant Councilman Tom Schneider.

Program: The Metro-link light rail system continues to draw increasing numbers of riders. The airport line and the Shrewsbury line will be even more heavily used when I-64 is shut down. The popularity of light rail has led many citizens to call for additional light rail lines, including routes to West County and North

County.

However, Metro is facing a financial crisis and a 1/2 cent sales tax is on target for the February ballot to provide funding for operations and expansion.

Members of County Executive Charlie Dooley's staff will be at the meeting to discuss the need for the tax and answer your questions about the proposal. Attending will be Mike Jones, Senior Advisor, and Darin Cline, Director of Legislative Affairs.

Legislative Breakfast - Saturday, November 3

The League will hold its Annual Legislative Breakfast at 9:00 am on Saturday, November 3 at the Sheraton Westport Tower. The hotel is located in Westport Plaza at I-270 and Page Ave. Please note the location is the Sheraton Tower, not the Chalet. The cost is \$23 per person.

The membership will adopt the 2008 Legislative Priorities at the Octo-

ber League meeting and members of the Legislative Affairs Committee will present these priorities to senators and representatives from St. Louis City and County.

In addition, the breakfast serves as an excellent opportunity for municipal officials to meet informally with legislators to discuss issues of concern to

local government.

Senators and representatives attend free as guests of the League, but your invitation to legislators can help increase their interest and attendance.

Registration materials will be mailed to all municipal clerks in mid-October. Please plan to attend this important event.

## September Meeting Synopsis

At the September 27 League meeting, the membership heard a presentation from John Mulligan, the lead attorney on the cell phone tax case, regarding the settlement with Verizon Wireless and the company's agreement to pay \$25 million to Missouri cities along with attorneys' fees. Cities are being asked to consider allocating 5% of the settlement to the League to help establish a fund to protect municipal interests in the legislature. See the related article on pages 3 and 4.

Also at the meeting President T. R. Carr updated the membership on planning for a possible light rail line from North St. Louis City to near South County, and

also on issues related to emergency radio communications studies that are underway through Gateway and other agencies.

Executive Director Tim Fischesser provided background on the County's new solid waste ordinance and the implications for cities. The ordinance goes into effect on January 1 and will require haulers to offer recycling as well as trash pickup. The recycling cost can be built into the total price so that those who recycle pay no more than those who continue to fill the landfills with recyclable materials.

Many cities have switched to "no additional cost" recycling and recycling has increased in those

areas. Citizen costs should be contained as there is no charge to drop off recycled goods but there is a charge of about \$25 - \$40 per ton to bury these items at a landfill if put in trash cans.

In an effort to allow more associate members and other companies to participate in League activities, the Board has authorized meeting sponsorships. In September the Concrete Council attended and provided ice cream concretes after the meeting.

Thanks very much to the Concrete Council and also to the City of Sunset Hills for hosting the meeting.

## Park Grant Applications Due October 26

Friday, October 26 is the deadline for submitting park grant applications to the Municipal Park Grant Commission at the League office. \$3 million has been budgeted by the Commission for the current round.

You should ensure that all steps in the application have been completed, including appropriate approvals from the governing body, all required sig-

natures and cost sheets.

Successful applicants are expected to be notified in late December or early January.

Please call the League office at 314-726-4747 with questions about the application process.

The Commission will also be soliciting a fourth round of park planning grants, which will be due in December. These grants have been designed to help cities ex-

amine recreation needs and update park plans. This is especially important for smaller communities that do not have a professional park staff to develop a park plan. The maximum amount is \$4000 and a 20% local match is required.

All cities will be notified of the availability of the planning grants and the deadline for submission.

### Congratulations To

Glendale Mayor Rich Magee and St. Louis Alderman Donna Baringer who were elected to the MML Board of Directors at the recent conference.

Re-elected members include Mayor Gerry Welch of Webster Groves and Hazelwood City Clerk Colleen Klos.

### League Office Movin' On Up

The League office will be taking over new space in our current County-owned building at 121 S. Meramec Ave in Clayton. In late-October we will be moving to the 10th floor and will have additional office space. This is necessitated by the fact that we now have four staff members and occasionally have CORO fellows or other temporary staff in the office. The new offices are larger and present a better appearance to visitors.

We appreciate the County's generosity in providing us this new space. Stop by to see the our offices if you happen to be in Clayton.

## Verizon Settles with Cities on Cell Phone Taxes

*The article below provides more information about the role of the leagues and why a 5% fund is recommended for future activities that benefit the public services cities provide. The article will help those who have not been close to the issue to better understand the importance of sticking together when facing major challenges – Tim Fischesser*

**Introduction:** In September, municipalities across Missouri received letters from Verizon Wireless providing information about a settlement in the six year old lawsuit with the phone industry related to the payment of gross receipts taxes, and antenna fees.

**Background:** In 1999 and 2000, courts ruled that cell towers were a part of the phone system and, therefore, subject to municipal business license fees. Cities began to ask the companies to treat all phones as equals for taxation purposes and to pay all taxes. After months of discussions with city attorneys and staff of both the state and county municipal leagues, companies refused to pay all cities. Cities then had no choice but to file suit. It looked to be a "David versus Goliath" battle.

The phone companies also told our negotiators that they have an "infinite litigation budget". The Leagues then encouraged more cities to join so that the attempts by the deep-pocketed phone companies to bury us in legal fees could be withstood.

With fewer people using traditional phones and more using wireless phones, cities were simply seeking the same tax from all phone companies. This would help address budget shortfalls and continue to provide funding for public services.

Collectively, cities stood up to the legal barrage and continued to benefit from excellent legal work.

**The battle moves to the legislature:** Given our victories in court,

the powerful companies must have felt that their strategy was failing and then decided in 2005 to move the battle from the courts to the legislature where the companies had many lobbyists. The state and county leagues had to combat this new attack with numerous meetings, letters, and pleas to local officials to contact their senators and representatives. It was a constant battle.

**Revenues for services for citizens under pressure:** As more people dropped their land line service at home, municipal revenues were hard pressed to fund essential services. The economy was struggling so sales taxes were not even keeping pace with inflation. With a decline in traditional phone taxes and no wireless revenue, cities reported layoffs, under-funded pension accounts, elimination of traditional services like trash collection, forcing employees to pay more of their health insurance premiums, freezing salaries, etc. In a state with some of the lowest local taxes in the United States, services to citizens were threatened.

**Getting the message out to a huge legislative body:** The state and county leagues took on the role of pointing out the importance of fair taxation. We cannot simply let one industry skate by and expect others to subsidize them. As we spread the message regarding the financial situation, many legislators were supportive. But Missouri has 163 House members and 34 Senators. Those big businesses that have many lobbyists and the frequent ability to talk personally with legislators have an advantage, especially if good relations have been established over the years. Still, a good number of legislators were supportive and we thank them for their balanced view. Some legislators asked that both sides try to compromise but it was clear that the company point of view was not to be dismissed. Even some devastating

legislation was proposed, such as forcing municipal tax rates down to 1%, which would severely disrupt service delivery.

In 2005, under pressure from company lobbyists who wanted to avoid a loss in court, a fragile compromise was developed. However, at the last minute, a surprise amendment lowered the amounts of future revenues and cities cried foul. The bill was passed but cities challenged it in court in 2006.

The Supreme Court justices heard the challenge and clearly indicated that cell phones are part of the regular phone system. The new law was thrown out. Companies realized that their risk for years of back taxes was increasing. More and more companies then began to pay the tax under protest.

In 2007, the MML established a committee that included the county league and several municipal attorneys from around the state. After weeks of meetings with the phone companies, and under pressure by legislators to work out a deal, some agreed to legislation requiring payment of two years of back taxes, some rollback of rates, and a maximum rate of 5% after 2009. However, a few companies refused to pay just two years of back taxes. The Leagues then opposed the legislation and no bill passed in 2007. With new court dates pending this past summer, some companies expressed a desire to continue to talk about settlements.

Verizon was one of those companies and a preliminary settlement was reached in late August. The attorneys representing the cities worked out an agreement with Verizon whereby the company will pay two years of back taxes at the current municipal tax rate along with attorneys' fee, which comprise 25% of the settlement amount. Cities will not have to pay any attorneys fees. In addition, future taxes (after September 1, 2007) will be paid and the

*(Continued on page 4)*

St. Louis County Municipal League  
121 S. Meramec Ave.  
Clayton, MO 63105

- The membership will adopt the 2008 Legislative Package at the October 25 Meeting in Ferguson.
- Our Legislative Breakfast will be held on November 3.

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[www.stlmuni.org](http://www.stlmuni.org)*

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company will not lobby for revisions to the taxes for a period of five years, although other companies and legislators could. Cities will drop their case seeking 10 years of back taxes.

**Why the settlement is good:** If more companies settle, the cloud of unknown past tax payments for the companies is removed and municipal revenues will stabilize. Neither side is assured of winning in court, so a settlement offers something to both the cities and the companies.

**What you must do:** Acceptance or rejection of this settlement will require approval by your city council or board and notification to Verizon by mid-November. Final approval by the court should follow late this year. We anticipate that Verizon funds will be disbursed in February, 2008. For exact details, see the settlement documents and attachments posted on the League website: [stlmuni.org](http://stlmuni.org),

under Current Events and on the MML website: [mocities.com](http://mocities.com). Or contact the attorneys listed in the agreements. Negotiations are also underway with other cell companies

**A recommendation for continued action:** In addition to the letter you received from Verizon, County League President T.R. Carr sent a letter to all mayors on behalf of the League Board of Directors outlining an opportunity our members have to protect the long-term interests of your city when telecom companies and other special interest groups continuously seek special treatment. Those close to the issue and aware of the history realize that local officials will have to act to protect the settlements and thereby protect public services.

To achieve this, the League Boards is asking cities to direct five percent of the settlement toward increasing our cities' collective voice IN THE FUTURE. (The MML is mak-

ing a similar request of cities outside St. Louis County.) This represents a small fraction of the amount that would have gone toward attorney fees, now being paid by Verizon, and it represents a very small amount of the past and future amount that cities will receive from this source. Our board feels this is an easier way to address our future challenges when compared with increasing dues.

The League will appoint a committee to prepare a plan for the management of this special fund and to guide increased activity on the part of the League designed to stabilize municipal revenues. The goal is to ensure that cities can support public services in the future with revenues from a fair tax system.

If you have questions about the settlement or the recommended contribution, please contact the League at anytime.