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Filed: 08-06-19

Sponsored by: Fisk

First Reading: _____

Second Reading: _____

COUNCIL BILL 2019 - 191

SPECIAL ORDINANCE _____

AN ORDINANCE

1 CALLING an election on Tuesday, November 5, 2019, in the City of Springfield,
2 Missouri, to submit to qualified voters the question of whether to continue
3 a three-quarters of one percent (3/4-cent) sales tax on retail sales within
4 the City for the sole purpose of providing revenues for the Springfield
5 Police Officers' and Fire Fighters' pension system; providing for a sunset
6 on the tax at the earlier of either the end of five years from the date of
7 commencement of collection of the renewed tax or the pension system
8 fund reaching a fully-funded status; and declaring an emergency.
9

10
11 WHEREAS, Section 94.579 RSMo. authorizes City Council to impose a sales tax
12 of up to one-cent on all retail sales made within the City for the purpose of funding the
13 Springfield Police Officers' and Fire Fighters' pension system with the approval of the
14 voters; and
15

16 WHEREAS, at an election on November 3, 2009, the voters did approve the
17 imposition of a 3/4-cent sales tax for the sole purpose of funding the pension system,
18 which action enabled the City to begin to restore the pension system's funding levels to
19 meet state funding-level requirements; and
20

21 WHEREAS, at an election on April 8, 2014, voters approved the continuation of
22 said tax; and
23

24 WHEREAS, previously City Council adopted several measures to address issues
25 related to the pension fund, including implementing budget reductions in other areas of
26 the general fund to meet actuarial-recommended funding requirements for the pension
27 fund and injecting approximately \$25 million obtained through telecommunication
28 lawsuit settlements into the pension fund; and
29

30 WHEREAS, measures taken by City Council to reduce expenditures and redirect
31 funds into the pension fund combined with the 3/4-cent sales tax has resulted in the
32 improved funded ratio of the pension fund from 66.8 percent of actuarially-required

33 funding in June 2013 to approximately 86 percent of actuarially-required funding as of
34 June, 2018; and

35
36 WHEREAS, in order to substantially complete the necessary funding of the
37 pension system, additional revenue is needed and the only viable source of revenue
38 available to fully fund the pension fund is the proceeds derived from a continuation of
39 the current 3/4-cent sales tax; and

40
41 WHEREAS, the City finds it necessary to submit the question of continuing the
42 3/4-cent sales tax for funding the Springfield Police Officers' and Fire Fighters' pension
43 system at an election to be held on November 5, 2019.

44
45 NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF
46 SPRINGFIELD, MISSOURI, as follows, that:

47
48 Section 1 – An election is hereby called and ordered to be held in the City of
49 Springfield, Missouri, on November 5, 2019, for the purpose of submitting to the
50 qualified voters of the City the question of continuing the current three-quarters of one
51 percent (3/4-cent) sales tax on retail sales within the City for the sole purpose of
52 providing revenues for the Springfield Police Officers' and Fire Fighters' pension
53 system.

54
55 Section 2 – The ballot to submit the issue referenced in Section 1 shall be in
56 substantially the same form as the following:

57
58
59 OFFICIAL BALLOT
60 CITY ELECTION
61 CITY OF SPRINGFIELD, MISSOURI

62
63 Shall the City of Springfield, Missouri, continue collecting the pension sales tax
64 imposed at the rate of three-quarters of one percent (3/4-cent) for the sole
65 purpose of providing revenues for the Springfield Police Officers' and Fire
66 Fighters' pension system, with said tax to sunset upon the earlier of (A) five (5)
67 years from the date of the commencement of collection of the renewed pension
68 sales tax, or (B) the Pension System fund reaching a fully-funded (100%) status
69 as determined by an independent actuarial study conducted for the pension
70 system Board of Trustees?

71
72 (Note: There will be no increase in the current sales tax level if the three-quarters
73 of one percent sales tax is continued.)

74
75 - → Yes - → No

76
77 INSTRUCTIONS TO VOTERS:

78

79 To vote FOR the question, complete the arrow opposite YES.

80
81 To vote AGAINST the question, complete the arrow opposite NO.
82

83
84 Section 3 – The Greene County Clerk is hereby authorized to conduct an election
85 in a manner consistent with the provisions of Chapter 115, RSMo.
86

87 Section 4 – The City Clerk is hereby authorized and directed to notify the Greene
88 County Clerk of the adoption of this Ordinance as soon as practicable, but no later than
89 5:00 p.m. on the tenth Tuesday prior to November 5, 2019, and to include in said
90 notification all of the terms and provisions required by Chapter 115, RSMo. or any other
91 law. The City Clerk is authorized to do all things necessary and convenient to ensure
92 that the question is properly submitted to the voters on November 5, 2019.
93

94 Section 5 – City Council finds and declares, in accordance with City Charter
95 section 2.12, that this Ordinance qualifies as an emergency because it relates to the
96 calling of an election and so may be approved by the City Council on the same day as
97 its introduction.
98

99 Section 6 – This Ordinance shall be in full force and effect from and after
100 passage. The tax authorized by the Ordinance shall run from April 1, 2020, for a period
101 of five years or until the pension system fund reaches a fully funded (100%) status as
102 determined by an independent actuarial study conducted for the pension system Board
103 of Trustees.
104

105 Passed at meeting: _____
106

107 _____
108 Mayor
109

110 Attest: _____, City Clerk
111

112 Filed as Ordinance: _____
113

114
115 Approved as to form: Rhonda Lewsader, City Attorney
116

117
118 Approved for Council action: Jason A. Page, City Manager

EXPLANATION TO COUNCIL BILL 2019-191

FILED 08-06-19

ORIGINATING DEPARTMENT: City Manager

PURPOSE: Calling an election on Tuesday, November 5, 2019, in the City of Springfield, Missouri, to submit to qualified voters the question of whether to continue a three-quarters of one percent (3/4-cent) sales tax on retail sales within the City for the sole purpose of providing revenues for the Springfield Police Officers' and Fire Fighters' pension system; providing for a sunset on the tax at the earlier of either the end of five years from the date of commencement of collection of the renewed tax or the pension system fund reaching a fully-funded status; and declaring an emergency.

BACKGROUND INFORMATION:

In 1946 the Citizens of Springfield voted to create a separate pension system in order to provide for the well-being of disabled and retired Springfield Police Officers and Firefighters. As of June 30, 2008, the plan's funded ratio had dropped to a low of 33% funded status.

On November 3, 2009, the citizens of Springfield approved the enactment of a 3/4-cent pension sales tax for the sole purpose of funding the Police and Fire Pension Plan. By June 30, 2013, the total assets in the pension plan had increased to \$254 million with a funded ratio of 66.8%.

On April 8, 2014, citizens of Springfield approved the continuation of the 3/4-cent pension sales tax. By June 30, 2018, the total assets in the pension plan had increased to \$428.7 million with a funded ratio of 86%.

The measures taken by City Council to redirect funds into the pension fund combined with the 3/4-cent pension sales tax has resulted in the improved funded ratio of the pension fund from approximately 33% in June 2008 to 86% of as of June 30, 2018.

Since November 2009, the City's self-funded Police and Fire Pension Plan has been closed to new hires and all new Police Officers and new Fire Fighters have been enrolled in the State's LAGERS retirement system.

In order to reach 100% funded level and complete the necessary funding of the pension system, additional revenue is needed. The only viable source of revenue available to fully fund the pension fund is the proceeds derived from a continuation of the current 3/4-cent pension sales tax.

The City finds it necessary to submit the question of continuing the 3/4-cent pension sales tax for funding the Springfield Police Officers' and Fire Fighters' pension system at an election to be held on November 5, 2019.

The tax authorized by the Ordinance shall run from April 1, 2020, for a period of five years or until the pension system fund reaches a fully funded (100%) status as determined by an independent actuarial study conducted for the pension system Board of Trustees.

Per the November 2009 ballot language, 100% of the 3/4-cent pension sales tax revenues have been deposited into the City's self-funded Plan. These monthly deposits have been overseen and confirmed by the Citizens' Tax Oversight Committee ("CTOC").

Submitted by:



Collin Quigley, Deputy City Manager

Approved by:



Jason Gage, City Manager