BILL 2014-27

****** Third Reading ******

Agenda Item

TO: Mayor and City Council

FROM: Mark S. Gaugh, City Manager

DATE: June 16, 2014

RE: Ordinance for Gross Receipts Tax

Issues

It has been the City's long standing practice to transfer some funds from the utilities to the General Fund. In the budget, it is referred to as Gross Receipts Tax. If the City did not run its utilities, and they were provided by private companies, then the City would receive a Gross Receipts Tax from the companies equal to 5% of their gross receipts. So, the City charges its own utilities in order to maintain the same amount of revenue as it would if the utilities were privately owned.

During the last audit, it was noted that we should include the ordinance for the transfers. Upon researching records, an ordinance could not be found. We know that the transfer has been done for decades, but the exact date is unknown. Therefore, the attached Ordinance is presented to outline how the transfers are made. City Attorney has been consulted for review and modification, as well.

Recommendation

Staff recommends that Council approve the attached Ordinance to authorize the Gross Receipts transfer.

Bill 2014-27

AN ORDINANCE FOR THE CITY OF CAMERON, CLINTON AND DeKALB COUNTIES, MISSOURI GRANTING TO CITY OF CAMERON UTILITIES, A FRANCHISE FOR OPERATION OF ELECTRIC, WATER AND SEWER SYSTEMS IN SAID CITY AND RELATING THERETO

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CAMERON, CLINTON AND DeKALB COUNTIES, MISSOURI, AS FOLLOWS:

Section 1. There is hereby granted to the City of Cameron Utilities, operating an electric, water and sewer system, herein called the Utilities, rights for continued use, to construct, maintain and operate in the current and future rights-of-ways, owned and managed by the General Fund in the City of Cameron, Missouri, herein called City, its utility system as now located, together with the right, privilege and franchise to acquire, construct, maintain and operate therein and thereon such additions and extensions thereto as may be necessary or desirable, all for the purpose of supplying utilities for all purposes to the inhabitants of said City and consumers in the vicinity thereof and to all lawful ordinances of the City of Cameron now in existence or hereafter enacted which are not inconsistent herewith.

Section 2. In consideration for its use of rights-of-way, the Utilities shall continue to transfer to the General Fund, an amount equal to five (5%) percent of gross receipts of sales, hereby levied and assessed as an occupation and license tax (in lieu of all other occupation, license or other revenue taxes or fees) herein recited during the term hereof; and as a further consideration for use of the rights-of-way. This transfer will be itemized in the City budget as *Gross Receipts Tax.*

Section 3. This ordinance ratifies, confirms, and formalizes the past and current practice of charging Cameron utilities the same rate and proportion for right-of-way use as the City of Cameron charges other utilities.

Passed and approved on first reading this 16th day of June 2014.
Passed and approved on second reading this 7th day of July 2014.
Passed and approved on third and final reading this 21st day of July 2014.

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Mayor Dennis M. Clark

ATTEST:

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City Clerk/Finance Clerk

Third Reading