

# **Police USE Tax Quarterly Report**

## **Information through August 2020**



### **Background Information**

On August 6, 2019, the voters of the City of Independence approved Proposition P, which implemented a local use tax at the rate of 2.25%. A local use tax is a tax placed on goods purchased out of state for delivery to and use in Independence. Local use tax can only be collected if the vendor has a physical presence in the State of Missouri. Online purchases from vendors who do not have a retail store or distribution center in the State of Missouri are not subject to local sales tax or local use tax.

## Background Continued

Fifty percent of these funds are allocated to support operations of the Regional Animal Shelter until such time that the amount being allocated into the shelter reaches \$750,000 annually. The other fifty percent is designated to hire and equip up to 30 additional police officers. Once the level of funding for the Shelter and the Police Department are met, the remainder of the local use tax proceeds will flow into the other City sales tax funds in the same manner the City's total local sales tax is allocated.

Council Resolution No. 6465 amended Section 3 of Resolution 5075 which created the Public Safety Sales Tax Oversight Committee. This amendment authorizes the Oversight Committee to be renamed the Public Safety Tax Oversight Committee, and directs the Committee to review revenue and expenditures generated through the collection of the local use tax to ensure its use for the funding of police personnel.

Unlike the Public Safety Sales Tax, there is no sunset on the Local Use Tax.

## 19/20 FY Revenue

Beginning 2019/20 FY Fund Balance:	\$ 0	(Revenue collection began in January 2020)
Tax Collected for PD as of 6/30/20:	\$650,907	
Interest Earned as of 6/30/20:	<u>\$ 1,864</u>	
Total Revenue thru 6/30/20:	\$652,771	
Year-end Investment Market Value Adjustment:	<u>\$ 14,322</u>	
	\$667,093	

Fund was originally projected to bring in \$750,000 to the Police Department annually.

## 19/20 FY Expenditures

None.

## 20/21 FY Revenue

Beginning 2020/21 FY Fund Balance:	\$667,093
Tax Collected for PD as of 8/31/20:	\$383,331
Interest Earned as of 8/31/20:	<u>\$ 429</u>
Total Revenue thru 8/31/20:	\$383,760
 Fund Balance on 8/31/20:	 \$1,050,853

## 20/21 FY Expenditures

### Original Budget for 2020/21 Fiscal Year:

Sergeant - Salary & Benefit	\$ 79,598	2	\$ 159,196
Officer - Salary & Benefits	\$ 70,850	4	\$ 283,400
Overtime for 6 sworn			\$ 15,632
Uniforms/Equipment	\$ 10,693	4	\$ 42,772
Vehicles	\$ 83,000	3	\$ 249,000
			<b>\$ 750,000</b>

On September 8, 2020, the City Council determined that the Use Tax funds should not be used to equip the officers hired under the tax. Therefore, the funds showing for Uniforms/Equipment and Vehicles above will be shifted to Personnel Costs (salary, benefits, overtime) only.

Prior to this decision being made, the Police Department had already started ordering supplies and equipment for the anticipated new hires (based on the Oversight Committee's previous approval to utilize Use Tax funding to equip the new officers). The orders charged to the Use Tax in August include the following:

\$10,325 to Axon for Tasers

\$2,574 to GT Distributors for Glock handguns

\$13,126 to Motorola for mobile radios

\$1,709 to PCN Strategies for Tablet & Keyboard Mounts (for vehicles)

\$645 to Total Wireless Data for Antennas (on vehicles)

\$27,624 to 911 Custom for equipment to outfit (3) new Ford Explorers

**\$56,002 Total**



All of the above orders will be moved to the Public Safety Sales Tax funding.

**Personnel hired under the Use Tax:**

- Grant DelaCruz, Police Recruit, hired 8/6/20  
(Previous Recruit quit Academy after less than 1 week)
- Shawn Bloss, Police Officer, hired 8/11/20  
(Previous Recruit quit Academy after 2 ½ weeks)
- Andrea Smith, Police Recruit, hired 8/19/20
- Allyx McCoy, Police Recruit, hired 8/20/20

Salary and benefits for these individuals should start showing up in the Use Tax Cost Center during the month of September and will be reported next quarter.